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No. 1019

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## INVESTMENT, PRICES, BUDGET AND FINANCE

### 'PRAVDA' DISCUSSES MONEY/COMMODITIES BALANCE

PM031049 Moscow PRAVDA in Russian 26 Jul 82 p 2

[Vasily Parfenov socioeconomic review: "Incomes and Commodities"]

[Text] Soviet people are creating the national wealth by their labor, on whose quantity and quality wages--the main source of each worker's income--directly depend under socialism. We spend the money we receive on the purchase of commodities and food, to pay for various services, housing, and so forth. The better a person works, the higher his income and the simpler it will be for him to acquire what he needs with the money he has earned. So that wages and consumer goods and services, given correct economic management, should be in a state of dynamic equilibrium.

#### The Ruble in Circulation

Although we sometimes complain of the shortage of certain commodities and products, we must be fair. In just three 5-year plans from 1965 through 1980 the population's real per capita incomes have almost doubled. People now acquire somewhat over twice the volume of commodities as in 1965. For every 100 families there are 8 times more refrigerators and 3.5 times more television sets and washing machines, than 15 years ago.

The living standard of any working family depends largely on the total wages of its members. Largely, but not entirely. How much and what can be bought with the money obtained is also important. Comrade L. I. Brezhnev said: "Of course the improvement in the working people's living standard does not boil down to an increase in monetary incomes. The CPSU Central Committee believes that the task of improving the population's provision with food and industrial consumer goods is now being advanced to the fore."

The CPSU Central Committee May (1982) Plenum which approved the USSR food program noted that although in the past 15 years the consumption of foodstuffs has increased substantially, the food problem has nonetheless not been struck from the agenda. The point is that the demand for foodstuffs still exceeds their production. And one reason is the rapid increase in the population's monetary incomes. With stable state retail prices for the main foods, this leads to an increase in demand and to the emergence of a deficit.



What conclusion follows from this? The raising of wages should be accompanied by a similar increase in commodity resources. In principle that is what happens. But if the equilibrium is disrupted so-called "free" money is formed. It is no accident that in the past 15 years total per capita deposits increased more than sevenfold, exceeding R160 billion in 1981.

The increase in savings has merits and demerits. The merits are that people are able not only to satisfy their current requirements but also to acquire expensive consumer durables. And the demerits? Money which is not fully backed up by high-quality commodities promotes primarily an increase in prices on the food market and the emergence of food shortages.

On going out "into the world" banknotes begin to live and operate by complex laws. If the amount of money corresponds exactly to the sum of commodities in demand and to the volume of services, each ruble works honestly and at full capacity. People value money, choose their purchases carefully, calculate income and outgoings precisely, and seek to work better to earn more. Matters are different when there are more rubles in circulation than there are good commodities and services. People value money less.

#### A Tax, But What Sort of Tax?

It is also characteristic that when the balance between the money available and commodity resources is disrupted, a considerable proportion of the money can pile up in the possession of speculators. This is helped by the shortage of commodities which immediately forms and by speculation in these commodities. A person who works honestly usually has no surplus money. "Easy money" is to be found in the possession of those who have unearned incomes, who speculate and skillfully manipulate a shortage.

Here is a typical example. Before the spring holiday of our dear womenfolk-- 8 March--droves of young men, tanned by the southern sun, appear in the markets of many cities. They rush north like birds in the spring. They do not fly with twigs in their beaks but with enormous bales of sweet-smelling mimosa which has had time to flower on the mountains' southern slopes. This is a natural and necessary business if abuses are prevented. The traders' sacks contain hundreds of branches, and each is sold for R3. The total revenue is up to R1,000. And you think the trader shares his profit with the state? What tax does he contribute to the state budget? He pays...50 kopeks for a stall at the market. There's a tax for you! But if he had earned that R1,000 at a plant, construction site, or in the field, he would have had to pay 13 percent of the total into the state budget.

I imparted my thoughts concerning incomes and taxes from "private circulation" to officials of the USSR Ministry of Finances and asked: "Why are such large revenues not taxed?

"But how could we calculate them"? a respected financial expert said, answering my question with another. "If we were to control all the markets we would need a very large number of inspectors...."

Yet it must be noted that there is no need to "invent the bicycle" and no extra controllers would be needed. For instance, in the GDR a simple and precise law operates: if someone has concealed his income he is punished by the court. Why should we too not introduce such a law?

Large amounts of money do not fall into the speculators' hands by chance. You cannot always buy mimosa and roses in the store for the women's holiday but you must offer your beloved a gift.... Your little Zhiguli car has lost a tiny lever costing a few kopeks and has come to a standstill. The service station "does not have" a replacement. So the motorist takes a tram and sets off to the "flea market." There are always levers, washers and gear wheels there. True, you have to pay 10 times the price.

People who profit from reselling are also dangerous to society because they are striking directly at the prestige of honest social labor. It is no accident that instances are encountered where a young person shuns the plant or stock-raising unit before he has had any experience of life. Well, he can "coin money" by different means, he believes: by reselling something on the market....

It is clear that the most resolute struggle must be waged against instances of the acquisition of unwarned money. On the other hand, it is very important that all goods produced should be sold, that the money should enter the state budget promptly, and should always work intensively, to the benefit of society. For this, not only administrative but also economic levers must be further improved. The main thing here is to introduce order to the production of commodities for the entire stipulated range and to improve their quality by every means and to resolutely ameliorate trade.

Both Cash and Kind

"You would like to buy a fashionable suit? Go to the department store"--you can hear this said in Vinnitsa.

Indeed, there is an excellent section of commodities here. Coming direct from the enterprises, bypassing intermediate handling at the depots, the pressed suits reach the customers. The commodity's short and rapid journey from flow-line to store has become possible thanks to the businesslike cooperation between the department store and the enterprises which fulfill not merely formally but actually the contracts for the delivery of the goods in great demand which have been ordered. The sewing industry workers and sellers jointly specify the range, styles and color of the textiles taking into account the customers' demand. They hold exhibitions and sales of clothing, invite the sewn goods enterprises' designers to visit the trading halls and use questionnaires to poll the customers. As a result stock turnover here has been accelerated several times over.

That is a good example. But things frequently happen otherwise. A factory, having overfulfilled in ruble terms the plan for the production of articles which have not been ordered, receives goods bonuses. With a clear conscience the wholesale trade workers accept at the depot and then distribute to the

stores commodities which are not in demand, and for this they also receive bonuses. And sometimes no one cares that the articles on whose creation labor and materials have been expended lie around as a drug on the market, waiting to be marked down. Look how many unmarketable refrigerators and television sets have accumulated in the stores. At the same time there is always a line waiting for the Minsk refrigerators. This happens because the consumer still has little influence on the producer and production and trade serve different "gods"--their narrow sectorial indicators--and are not linked by a common ultimate goal--giving the customer what he has ordered and what he expects.

For trade the main indicator is commodity turnover and so a store is eager to accept primarily expensive articles. But the high-quality and at the same time not too expensive items the population needs are not always to be found on the counters.

How is the situation to be rectified? The heavy industry enterprises must also produce excellent commodities. After all, they have experienced cadres, equipment, substantial design bureaus, raw materials and many good waste products for this purpose. If the plant's wages and bonuses fund amounts, for instance, to R1 million, it should produce marketable goods to the same amount.

Another avenue: the indicators for assessing the work of industry and trade enterprises should have a single aim; satisfying the population's demand more fully. And the factory whose goods are sold out at the store should have the right to an incentive. Bonuses should not be paid for "work for the warehouse."

It must be admitted that the light industry enterprises are, albeit very slowly, nonetheless introducing an improved economic management mechanism. But in trade everything still remains as it was. It is clear that in this sphere too we must move away from gross output. The "volume of commodity turnover" indicator may well perform accounting and statistical functions, but the size of the workers' bonuses should depend on how they serve customers, how fully and regularly the necessary range of commodities in great demand is offered at the store.

#### The Main Thing Is Balance

The best means of achieving economic growth and the stability of monetary turnover is to ensure the preferential growth of labor productivity by comparison with the growth of incomes. But so far this is not to be observed everywhere. Why? We have many economic leaders who are good leaders at the expense of the state budget. In recent years, because of the disruption of the balance between manpower resources and jobs, some leaders vie directly with each other to offer high wages to a worker with a scarce skill. Bonuses are sometimes paid not for special efforts in work but in order to "level up" wages....

"Any levelling out, instances of the payment of wages essentially only for turning up at work and not for the real results of work, and the payment of undeserved bonuses," Comrade L. I. Brezhnev noted at the 26th Party Congress, "all has an extremely harmful effect on production indicators and people's mentality."

We have a procedure with which everyone is familiar for paying wages to plants and factories--strictly to the extent that the plans are fulfilled. It would seem that if a target has not been completely fulfilled expenditure on the remuneration of labor should be reduced. In the first year of the 5-year plan a number of enterprises reduced their production plans. And that was in December, when the year's wages had essentially already been issued.

It is essential to build up the production of good-quality goods in kind, in the full range. And this must be done immediately since wages in industry, taking into account bonuses from the incentive fund, are increasingly more rapidly in some places than the production of group "b" output. Which must not be allowed.

It is very important right now, in the current 5-year plan, to prevent an imbalance between the production of commodities and the population's incomes. For that, the party points out, plans must be better compiled and better fulfilled. And the main thing is to work better. The strict observance of the balance between money resources and commodities is the direct concern of our planning and financial organs.

All the country's working people should have a good knowledge of the close link between labor and wages. Of itself money without commodities revolves far from all problems. The main thing is that the production of high-quality output should increase from one day to the next. That is why the labor collective cannot remain indifferent if wages at a plant grow more rapidly than labor productivity and if deliveries of commodities ordered by the trade sphere are disrupted.

A resolution was adopted recently on improving the working people's economic education and instruction. The aim of people's current mass study of the basic principles of economic knowledge should be the profound mastering of modern methods of socialist economic management, and not in a general way but at their own plant, construction site or stockraising unit. How best to organize work on every specific sector? What steps must be taken so that labor productivity may increase in the shop and so that an increasing amount of excellent output, including consumer goods, may emerge from the enterprise? That is the main condition for the economy's dynamic growth and for balance between incomes and commodities.

CSO: 1820/202

## RESOURCE UTILIZATION AND SUPPLY

### CONSERVATION, BETTER USE OF RESOURCES URGED

Moscow EKONOMICHESKAYA GAZETA in Russian No 28, Jul 82 p 5

[Article by V. Kulikov, deputy chairman of the Interdepartmental Commission on the Economical, Efficient Use of Material Resources and First Deputy Chairman of the USSR Gosnab, and V. Yefimov, scientific secretary of the interdepartmental commission: "Saving Resources -- A Condition of Effectiveness"]

[Text] A year has passed since the CPSU Central Committee and USSR Council of Ministers adopted the decree "On Intensifying Work to Save Raw-Material, Fuel-Energy and Other Material Resources and Use Them Efficiently." During that period, the responsibility of cadres and the initiative of labor collectives in the area of the efficient, economical use of resources have increased appreciably. Adoption of the decree affected planning and improved the mechanism of recording, monitoring, evaluating and stimulating the activity of enterprises and organizations in saving resources. The 1982-1985 branch plans include additional assignments which exceed the previously established economy indicators by 3-5 percent.

The intensification of work in this direction has been facilitated by the unfolding throughout the 11th Five-Year Plan of an All-Union Public Review of the Efficient Use of Raw-Material, Fuel-Energy and Other Types of Material Resources.

According to the 1981 results, more than four million proposals were received from workers on saving material resources by eliminating losses caused by violations of technological discipline, failure to follow established procedures on use, storage and transport. As a result, we achieved a savings of 1.3 million tons of rolled ferrous metals, 1.8 million tons of cement and 1.2 million cubic meters of wood.

Another important direction in work on intensifying economy procedures is to put the normative base for material resources expenditures into proper order. Beginning 1 January 1982, new and more rigid norms have been instituted, in accordance with the USSR Council of Ministers and CPSU Central Committee decree, on natural decrease for many types of output, raw and other materials, and leader responsibility for strict actualization of the adopted natural decrease norms has been increased.

The leaders of many associations, enterprises and organizations are developing a fundamentally new approach to the use of resources and are gradually beginning



to overcome the habit, of many years standing, of fulfilling the plan with higher expenditures. One important indicator of this process is the fact that the number of demands being placed on the USSR Gosplan concerning the allocation of additional amounts of raw and other materials not anticipated in the plan have been reduced somewhat.

A factor of considerable importance in increasing work in the area of thrift has been the actualization of the system of measures outlined in the CPSU Central Committee and USSR Council of Ministers decree on improving management of economy efforts. In particular, an interdepartmental commission has been formed. It includes representatives of the USSR Gosplan, USSR Gosstat, State Committee for Labor and Social Questions, USSR Gosstroy, USSR Ministry of Finance, USSR State Standards Committee, USSR State Committee for Prices, USSR Stroybank, USSR Academy of Sciences and AUCCTU. This representative agency, whose work is regularly reported in EKONOMICHESKAYA GAZETA, examines fundamental questions of saving material resources and provides ministries and departments with the necessary instructions on improving the efficiency with which they are used. The interdepartmental commission has reviewed at its meetings the status and level of work on using material resources and lowering the materials-intensiveness of products at enterprises of the Ministry of Heavy and Transport Machinebuilding, USSR Ministry of Timber, Pulp and Paper, and Wood Processing Industry and USSR Ministry of Construction.

Interdepartmental commissions have been created and are increasingly active in the union republics and attached to oblast (krai) Soviets of People's Deputies. Branch commissions have been created under the ministries. They rely on a large aktiv of VOIR [All-Union Society of Inventors and Efficiency Experts] and NTO [scientific and technical society] primary organizations in which special sections concerned with lowering the materials-intensiveness of production have been created.

In this regard, the experience of innovators in the labor collective at Aksayskiy Plastics Plant in Rostovskaya Oblast is typical. It has created good conditions for workers and specialists to develop on their own initiative proposals on lowering expenditures of material resources. In this regard, half the cost of the raw and other materials saved is directed into incentives for the developers of the proposals. This procedure is yielding good results. Thus, the plastics use factor has reached 0.96 here, which is considerably higher than the branch average.

Particular importance is now being attached to reducing losses of field and farm output. The May (1982) CPSU Central Committee Plenum approved a politically and economically very important document, the USSR Food Program. L. I. Brezhnev pointed out in a report at the Plenum the necessity of the efficient, economical use of all resources branches of the agroindustrial complex now have and will have.

It is the duty of all workers in these branches to close all channels of losses, which are still quite significant. Suffice it to say that eliminating them would make it possible to increase foodstuffs and agricultural raw material consumption resources by at least 20 percent. This is a major task which must be resolved in all links of the agroindustrial complex.

However, the measures carried out since the adoption of the CPSU Central Committee and USSR Council of Ministers decree are only the start of much work to be done in the national economy to achieve a fundamental breakthrough in the use of material resources. Orienting national economic development towards outstripping production results as compared with material expenditures has now moved to the fore. This principle enables us to change the economy over to tracks of resources-conserving social production intensification. This direction provides an opportunity for each percentage point of increment in material resources consumption to ensure a growing rate of national income growth.

Economists estimate that, given present technology and the level of production organization which has been achieved, each percentage point increment in material expenditures can provide 4-6 percentage points of increment in national income. In order to achieve the indicated results, improving the structure of the national economy and its branches along the line of lowering the energy- and materials-intensiveness of production is of decisive importance, as are ensuring the comprehensive extraction of usable components from raw material and maximum reduction in extraction losses.

Reducing the use of graded finished rolled metal and increasing the use of economical shapes can ensure a 20-25 percent or more reduction in the metals-intensiveness of machinebuilding and construction output. Each additional ton of structural plastics permits the replacement of 5-6 tons of metal.

Specialists estimate that up to 80 percent of the savings in material resources is connected with the accelerated development and introduction of the achievements of science and engineering, with expanding the production of tools of labor and machine systems which permit implementation of the principle of highly economic low-waste and waste-free technology. In essence, the task has been set of creating a materials-conserving type of production.

Resolution of the task of sharply reducing production losses and waste at all stages of raw and other materials processing, of maximum expansion of the use of recovered resources and by-products, is closely connected to technical improvements in production. Thus, introducing technology with a closed material resources circulation is one of our most important goals.

The task of using recovered and by-product resources is not simply a matter for the technologists, engineers and managers, but is a national task which cannot be solved without the active assistance of the entire population.

The process of transferring the existing production apparatus onto intensification tracks is connected very closely with the restructuring of construction. We must change the capital investment strategy so that allocations priorities are on measures ensuring a savings in material resources. It has been estimated that expenditures on saving metal, fuel and chemicals and on reducing field and farm output losses are 5-6 times more effective than expenditures needed for the additional production of an equivalent amount of raw and other materials and energy carriers. The materials- and capital-intensiveness of renovating existing enterprises are significantly lower than the installation of new production capacities.



There are quite a few reserves which permit a significant expansion of production volume without the installation of new enterprises. Thus, the replacement of metal webs by synthetic ones in paper-making permits up to a 10-percent increase in paper production without investing money in the installation of expensive new units, each of which costs at least 10-15 million rubles.

The principles of a materials-conserving strategy lay a firm foundation for the broad application of effective planning resolutions counted on to overcome the growth in materials expenditures observed in recent years and to provide the prerequisites necessary for lowering the materials-intensiveness of the national income.

Increasing the effectiveness with which material resources are used requires the constant attention of all labor collectives. In this connection, an active All-Union Public Review of the Efficient Use of Raw-Material, Fuel-Energy and Other Types of Material Resources takes on special importance.

Increasing the activeness of laborers in lowering materials-intensiveness is determined in significant measure by the action of the economic mechanism, which is being perfected in accordance with the CPSU Central Committee and USSR Council of Ministers decree of 12 July 1979. Steps are currently being taken to intensify the influence of economic levers on ensuring a savings in material resources.

Thus, the USSR Council of Ministers adopted in May of this year a decree on strengthening material incentives to workers for saving material resources. It anticipated that up to 75 percent of the total savings would be transferred to the economic incentives fund for bonuses to workers who had distinguished themselves in ensuring a savings in material resources.

Proposals are being prepared on intensifying material responsibility for the use of inflated expenditure norms and for overexpenditures of material resources. It is to the point to state that the economic sanctions and restrictions on the inefficient use of material resources which are currently in effect are not always imposed systematically. It is known, for example, that the USSR Ministry of Power and Electrification has the right to impose economic sanctions on those consumer enterprises which exceed the electricity and heat limits in the fall and winter. However, according to USSR Procurator's Office data, the Ministry failed to impose a total of 146 million rubles in sanctions during the fall and winter of 1980-1981. Such liberalism does not benefit society, and it encourages mismanagement. The interdepartmental commission obligated the USSR Ministry of Power and Electrification to eliminate the shortcomings noted and to impose all sanctions in conformity with the established regulations.

Improving production planning and the distribution and recording of raw and other materials in indicators which better reflect the level of effectiveness and consumer features is a major national economic problem. Use of the procedure for recording output in so-called effective, rather than physical, tons at 16 metallurgical plants would provide an opportunity to save up to 0.5 million tons of metal without any capital investment whatsoever.

There has been a long discussion in the newspapers regarding improvement in economic indicators, and in particular concerning metal. This discussion in PRAVDA, SOVETSKAYA ROSSIYA, EKONOMICHESKAYA GAZETA and SOTSIALISTICHESKAYA INDUSTRIYA has provided an opportunity for revealing all the "pros" and "cons" of the existing procedure. Beginning in 1983, metallurgical plants will change over to a new evaluation indicator which will permit a savings of several million tons of rolled metal.

The introduction of progressive physical and cost indicators for the use of paper, cardboard, plywood, reinforced concrete components, chemicals, pipe and machinebuilding output has provided a significant impact.

The range of materials resources economy problems is very broad, but no matter how varied these problems, they have one common denominator, the dynamics of the materials-intensiveness of the end product. If material expenditures per unit of useful impact are reduced, the effectiveness with which material resources are being used is increasing. In this connection, it would be hard to overestimate the importance of the net-cost plan assignment, to be introduced at the start of 1983, and one of its components, the material expenditures limit in monetary terms per unit of output (work). This indicator in a way sums up the entire aggregate of work which will be done to save material resources in branches of the national economy.

Heretofore, the importance of the indicator of net cost was unjustifiably understated. This led to a situation in which enterprises and associations did not make full use of the available reserves for lowering materials intensiveness and using cheaper, more economical materials without harm to product quality. This shortcoming is now being corrected. Use of the system of new evaluation indicators in physical and cost form will raise the level of management and orient us towards achieving end results with the least expenditures.

Actualization of measures in accordance with the CPSU Central Committee and USSR Council of Ministers decree adopted a year ago permits the involvement of more and more strata of reserves for saving material resources. Putting them at the service of the national economy means providing additional new opportunities for raising the standard of living of the people, and that is, in fact, the primary and highest goal of the Communist Party and the Soviet state.

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CSO: 1820/184

## RESOURCE UTILIZATION AND SUPPLY

### CONTROLLING RESOURCE USE IN STAVROPOL'SKIY KRAY

Moscow EKONOMICHESKAYA GAZETA in Russian No 13, Mar 82 p 6

[Article by V. A. Kaznacheev, secretary of the Stavropol'skiy CPSU Kraykom: "Control Over the Utilization of Resources"]

[Text] Workers of Stavropol'skiy Kray have entered actively into the all-union public review of the utilization of raw materials, processed materials and fuel-energy resources as well as the struggle for persistently and consistently realizing the demand of the CPSU Central Committee--"the economy should be economical."

#### Inspiring First Results

Since the beginning of the five-year plan enterprises and organizations of the kray have saved 4,000 tons of metal, more than 7,000 tons of cement, 4,000 cubic meters of timber material, 3.5 million kilowatt-hours of electric power and more than 200,000 gigacalories of thermal energy.

We have no doubt that the creative enthusiasm in the collectives for searching for reserves had a decisive effect on the successful work for fulfilling the planned assignments of the first year and the five-year plan as a whole. Stavropol'skiy Kray was awarded the Challenge Red Banner of the CPSU Central Committee, the USSR Council of Ministers, the AUCCTU and the Komsomol central committee for achieving good results in the all-union socialist competition and successful fulfillment of the state plan for the economic and social development of the USSR in 1981. This award inspired the kray's labor collectives and party organizations to achieve higher goals in the second year of the five-year plan. And now it is very important to take the accumulated experience into account and place it in the service of intensifying production.

A large amount of work is being done in this area by the Nevinnomyssk party gorkom. On the basis of reducing the norm for the expenditure of resources, party organizations and labor organizations of the city are striving to save annually no less than 1,500 tons of metal, 5,000 tons of cement, 1.5 million cubic meters of gas, 36 million kilowatt-hours of electric power and 33,000 tons of fuel. Questions of economy and thriftiness are regularly brought up for consideration by the gorkom bureau in keeping with the long-range plan of organizational and political measures for efficient utilization of resources at enterprises of the city which has been developed and approved. A special commission has been created

under the party gorkom for coordination of the work and control. Inspection commissions have been formed at all enterprises and organizations of the city.

Such an approach to solving this important problem is also typical of other party organizations, enterprises, kolkhozes and sovkhoses of the kray. The inspection has been well arranged at the Cherkessk plant for low-voltage equipment, the Gid-roenergostroy trust and farms of Krasnogvardeyskiy and Petrovskiy rayons.

The experience of the party committee of the Stavropol' Krasnyy metallist plant deserves attention. On its initiative they developed here a long-range plan of measures for reducing the material-intensiveness of items which embraces all production units. The efforts of the designers and workers are directed toward introducing resource-saving technology, providing for standardization of components and parts, selecting efficient batching items, reducing the weight of basic and bearing structures, and replacing them with light-weight ones. All this made it possible for the collective to meet its great commitments for saving on metal and other materials.

A remarkable initiative originated during the course of the competition for thriftiness in the Nevinnomyssk Azot production association. The collective decided to achieve the increase in production volume that was planned for 1985 without increasing the consumption of energy resources.

Many enterprises and organizations are achieving a considerable savings of raw material, fuel and energy on the basis of reconstruction and technical re-equipment of fuel and power facilities and the introduction of more economical equipment and progressive technological processes. A purposive struggle for economy and thriftiness is being waged at the Stavropol'skaya GRES, the Cherkessk plant for industrial rubber items, the Urup ore-enriching combine, and the Neftekumsk gas processing plant.

Still, if one approaches an evaluation of what has been achieved from the standpoint of the great requirements contained in the documents of the party and the government, one must admit that the work done by party organizations and economic agencies of the kray requires further improvement and the elimination of shortcomings and omissions.

#### Why Are There Losses?

The five-year plans earmark tasks for reducing the material-intensiveness of items. This is one of the main directions for efficient and economical utilization of materials, primarily metal. The question of metal is fairly complex. Many managers of enterprises and construction organizations frequently explain their failure to completely fulfill plans by the late delivery of rolled metal and the fact that the demand for it does not correspond to the production volume. But is the "shortage" really always to blame?

An analysis that was conducted showed that in reality in the majority of cases they are not waging a persistent struggle for reducing the expenditure of metal per ruble of output. They are not striving to reduce the weights and sizes of items.

The most efficient technical equipment and technology are certainly not being introduced everywhere.

Take, for example, the Stavropol' truck trailer plant of the KamAZ association. For the sixth year now they have been producing a trailer with a capacity of 8 tons which weighs 3.5 tons itself. During these years its metal-intensiveness has remained unchanged. Still there are already similar truck trailers which weigh 20 percent less with a capacity of 1.2 tons more. It has been calculated and proved that by reducing the weight of the trailer that is produced today to the level of the best model the Stavropol' could have produced an additional 10,000 truck trailers, and with a greater capacity, from the metal that was saved during these years.

It should be noted that party organizations of scientific research institutes and planning and design bureaus still do not direct enough of the efforts of scientists toward the study and utilization of the capabilities for reducing the material-intensiveness of machines, sets of equipment and instruments and reducing metal wastes. This pertains, in particular, to the party committee and the management of the Pyatigorsk mash plant and its head design bureau. They created and arranged the production of complicated poultry raising equipment so hastily that they "did not notice" the defect in the design that was developed. As a result, after checking its quality a special commission raised the question of excluding about 5 million rubles from the plant's report on the sale of products, which is equal to a month's plan for the plant. If one adds to this the losses caused to the consumer by the plant's product, the losses to the national economy grow into the millions.

In the overall complex of tasks that are being carried out for improving the work for economy and thriftiness, the party kraykom assigns a special place to efficient and effective utilization of fuel and energy resources. It must be said that much has been done, but it is necessary to do still more. The fact is, that because of mismanagement at individual enterprises, the absolute savings on resources are not increasing. Much that is being saved by the leading collectives is being squandered by the negligent ones.

For example, at the Georgiyevsk equipment plant, despite the insistent demands of the energy inspection team, they have not introduced a number of effective measures for reducing the expenditure of electric power. As a result the annual losses amount to more than 9 million kilowatt-hours. This much energy is enough for the plant to operate for a month and a half.

An unfavorable situation with respect to norm setting, accounting and controlling the utilization of electric power has arisen on the kolkhozes and sovkhozes of the kray.

Questions of more efficient utilization of gas are becoming more and more significant. But far from all executives are introducing economical, energy-saving equipment and far from all of them are concerned about utilizing secondary heat and energy. As a result, no more than 40 percent of these mobile resources are being put into circulation.



Therefore the CPSU kraykom has directed the attention of party and economic agencies toward even more extensive dissemination of the work experience of the party organizations and collectives of the Magnitogorsk metallurgical combine, the Volkhov aluminum plant and the Novopolotsk Polimir production association for utilizing secondary energy resources.

Orderly and economical expenditure of petroleum products constitutes a large reserve. One can judge the significance of this measure just from the following calculation: a savings of only 1 percent on the gasoline and diesel fuel allotted to the kray would make it possible to ship an additional 7 million tons of cargo over a distance of 100 kilometers and to plow 1 million hectares of land.

Still, automotive transportation enterprises and the kolkhozes and sovkhoses allow serious shortcomings in the storage and utilization of petroleum products. The kray loses an average of more than 46,000 tons of fuel a year because of shortcomings in the storage of fuel and the fueling of technical equipment.

There has still been no sharp change in the direction of bringing order into automotive transportation. As inspections show, up to 30-40 percent of the motor vehicles go out onto the line with fuel systems that are unrepaired or unregulated, which leads to an overexpenditure of fuel of 15-20 percent.

An especially large amount of harm is caused by the serious shortcomings in norm setting and accounting for the utilization of petroleum products in transportation. The number of motor vehicles that operate with malfunctioning or unsealed speedometers is not decreasing. And this leads to cases of uncontrolled utilization and theft of fuel.

#### In Organization--The Guarantee of Success

There was an interesting and businesslike discussion of all this at the meeting of the kray party and economic aktiv which was held at the end of last year. Analysis of the forms and methods of the activity of party organizations for mobilizing labor collectives to strive for economy and thriftiness, which was conducted at the meeting of the aktiv, shows that we have immense unutilized capabilities. The party kraykom demanded that we sharply change the attitude of all administrative units toward questions of economy and thriftiness. It is necessary for managers in all their work to be guided by and proceed from the fact that the assignments for economizing on material resources are just as mandatory as those for the sale of products, increased labor productivity and other indicators of the activity of labor collectives.

But demandingness is only one aspect of the matter. A second, no less important, aspect is enlisting literally every worker in the competition for economy. Thus when organizing competitions one relies especially on revealing and disseminating advanced experience. Economizing on resources is not only a material factor. It has immense moral significance. In the struggle for economy one cultivates a new person who is vitally interested in preserving and multiplying the public wealth.

This is why the party kraykom attaches great significance to publicity in this work. How was it until recently? The enterprises encourage the leading production workers and criticized the backward ones; honor was given to the ones who excelled in quality and the slipshod workers were reproached. And this is good. But nowhere could one find a bulletin board on which the thrifty workers were praised and the extravagant ones were condemned. These have now appeared and, I am convinced, they will play their role. In the cities and rayons members of the people's voluntary patrol are producing very effective photo displays which show drunks, hooligans and idlers for general view and disgrace. But the publicity amounts to almost nothing when it comes to theft, extravagance, inefficiency and squandering of material resources. In these cases public opinion could be an effective means of prevention.

In the struggle for economy the party kraykom has placed greater demands on the kray planning committee, the kray statistical administration, the Gosbank office and the people's control committee, whose role in this important matter can in no way be reduced to just registration of facts as is sometimes the case. On the contrary, they must look ahead, indicate ways and means of economizing, and take full advantage of all the rights and capabilities that are granted to them.

Here too we must more actively take advantage of the authority and power of trade union organizations. At the 17th congress of trade unions, L. I. Brezhnev said that "it is necessary, especially in spheres that are directly related to the daily needs of the people, to make control more effective, actual and impartial. For the trade unions this is a task of immense political importance and profound democratic content."

This instruction should be purposively and consistently carried out. Party committees must also take it into account in the daily practice of control over the economic activity of the administration.

We place great hopes in the system of economic education. In connection with the study in the new courses, "Thriftness--A Communist Characteristic," and "Economic Economics," the party kraykom, when staffing the network, has striven to make it include as many people as possible. There are now about 90,000 workers studying these courses. In 43 schools of the party and economic aktiv under the gorkoms and raykoms, there are more than 7,000 party and soviet workers and economic managers studying the party course, "Lenin, the CPSU on Economy and Thriftness." The main thing for which we are striving is to provide good results from economic education so that it actually contributes to the development of the activity of the students in searching for reserves for economizing on raw materials, processed materials, fuel and electric power.

At workers' meetings and classes in the network of economic education workers of the kray have already made more than 5,000 suggestions directed toward raising the level of socialist management and efficiently utilizing existing resources. On the basis of these the party organizations have developed specific measures for economizing on resources, reducing wastes and eliminating various kinds of losses.



The mobilization of the workers for the fulfillment of socialist commitments which envision economical and efficient expenditure of raw material, fuel--power and other material resources contributes to carrying out the tasks of the Eleventh Five-Year Plan and the decisions of the 26th CPSU Congress.

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## RESOURCE UTILIZATION AND SUPPLY

### ECONOMIZING ON MATERIAL RESOURCES DISCUSSED

Moscow FINANSY SSSR in Russian No 4, Apr 82 pp 17-21

[Article by V. Ye. Orlov, chief of the administration for financing heavy industry of the USSR Ministry of Finance: "Questions of Economizing on Material Resources"]

[Text] The decrees of the CPSU Central Committee and the USSR Council of Ministers of 2 April 1981, "On the Basic Directions and Measures for Increasing the Effectiveness of the Utilization of Fuel and Energy Resources in the National Economy in 1981-1985 and the Period up to 1990" and of 30 June 1981, "On Stepping Up the Work for Economizing and Efficiently Utilizing Raw-Material, Fuel--Power and Other Material Resources," note that the level of work for increasing the efficiency of the utilization of raw-material and fuel--energy resources in the national economy does not fully correspond to the modern stage of development of the country's economy. Many enterprises and organizations are not adequately utilizing existing reserves, and losses of products are great in production, transportation, storage and utilization. Secondary resources are not being energetically brought into economic circulation and progressive technology based on modern equipment is being introduced slowly. There are serious shortcomings in the norm setting and accounting for the expenditure of raw materials, processed materials, fuel, electric power and other resources.

The resolution of the tasks set for the national economy by the 26th CPSU Congress, the results of the fulfillment of the Eleventh Five-Year Plan and effectiveness as a whole will depend on the degree of balance of materials, labor and monetary resources, and especially on the availability of free reserves. It was precisely the lack of balance of certain material resources that was the main reason for the inadequate efficiency of individual branches under the Tenth Five-Year Plan.

Branches of the national economy are provided with resources of fuel, energy and materials, taking into account assignments for reducing the proportional norms for their expenditure. Measures have been earmarked for reducing the expenditure of fuel and energy in industry, construction, transportation, municipal services and housing, and agriculture. Thus, as a result of reducing expenditure norms, it is intended to save 73 million tons of conventional fuel during the five-year period.

For the first time the five-year plan has a section entitled "The Utilization of Secondary Raw Material." The fulfillment of the plan for gathering and processing

raw material will make it possible to save: more than 40 million tons of fuel, almost 50 million cubic meters of timber, more than 400,000 tons of synthetic rubber, 580,000 tons of soda ash, 2.3 million tons of glazing sand, more than 4.5 million tons of wool, cotton and chemical fibers, and so forth. The national economic effect from the utilization of secondary resources, excluding scraps of ferrous and nonferrous metals, will exceed 7 billion rubles, and a total of more than 4 billion rubles' worth of consumer goods will be produced. Increased production of progressive and economical kinds of metal products will make it possible to save 7 million tons of metal (rolled metal) in the national economy.

Increasing the extraction of fuel and the production of metal is the primary task for branches of heavy industry, and increased material incentives play a certain role here. It is intended to expand the group of people who are given bonuses for economizing on specific kinds of raw material. It is intended to pay bonuses in the amount of up to 75 percent of the sum of savings on material resources. Providing incentives for collectives and individual workers to save on raw materials, processed materials, fuel and energy is a factor of no small importance. But the main aspect in balancing material resources and creating reserves is prompt investment of funds in the development of those branches of the national economy that produce high-quality products.

In ferrous metallurgy, for example, it is necessary to concentrate capital investments in immediate measures for eliminating disproportions and creating reserves in the production of coking coal, ore materials and refractory materials, and for technical re-equipment of existing enterprises. But the measures for technical re-equipment and expansion of the assortment of metal products are not being carried out on the proper level. In order to increase the production of economical kinds of rolled metal, in recent years, for example, we have given additional payments in the amount of up to 50 percent of the addition to the price for thermal processing of rails, the width of the sheet, and so forth. Beginning 1 January 1982 this was taken into account in the price of the metal. Additionally, the balance of metal can also be improved as a result of solving other, no less important problems. The national economy has great losses because of the utilization of metal that is at the lower limits of durability, which is regulated by existing standards as compared to the actual possibilities of modern metallurgical enterprises.

The fact that machines and structures are heavier because of failure to take advantage of the durability properties of metal causes significant losses in machine building and construction during processing, installation and shipment. By providing for the delivery and utilization of metal that corresponds to the actual durability achieved at the majority of metallurgical enterprises, the effectiveness of its utilization could be significantly increased. The tendency that has been noted in nonferrous metallurgy in recent years toward reducing the rates of growth of industrial production is brought about to a significant degree by the limited raw material resources, and therefore their economical expenditure is of great national economic significance.

In 1981 the USSR Ministry of Finance inspected 13 enterprises of the USSR Ministry of Nonferrous Metallurgy regarding questions of reducing the material-intensive-ness and bringing order into the norm setting for material and fuel--energy resources. Many enterprises are not fulfilling the plan in terms of the indicator

that characterizes the degree of utilization of raw material in production. In a number of cases there is no control on the part of the ministry over the establishment of technically substantiated norms. Thus at the Revda plant for processing nonferrous metals, in 1979 the expenditure of fuel per ton of rolled metal amounted to 140 kilograms; the plan for 1980 envisioned 151.77 kilograms; and 135.83 kilograms were actually expended. But for 1981 the norm for the expenditure of fuel was set in the amount of 150 kilograms. At enterprises for processing nonferrous metals there were cases where primary metal rather than scraps were used for the production of individual kinds of products.

The necessary measures are not being taken for comprehensive and more complete processing of mineral raw material. As of 1 January 1981 more than 1 million tons of ores that are difficult to process, industrial products and wastes with a considerable quantity of nonferrous metals had accumulated in nonferrous metallurgy. The Severonikel' combine imeni Lenin and the Pechenganikel' mining and metallurgical combine are accumulating Noril'sk ore because the amount of it that is being shipped in is considerably greater than can be processed by the capacities of these enterprises. The Severonikel' combine, because of arrears in the construction of new capacities, is accumulating Noril'sk nickel matte. Significant material values have been frozen for a long time, and hundreds of millions of rubles' worth of state funds are being taken out in the form of USSR Gosbank credit.

Enterprises and organizations should utilize nonferrous metals more economically and efficiently as a result of improving technology; they should apply volume waste free stamping, modern methods of precision smelting, powder metallurgy and other means in order to provide a 12.5-14.5-percent reduction of the norms for the expenditure of rolled nonferrous metals in machine building and metal processing as a result of increasing the coefficient of the utilization of rolled metal and replacing nonferrous metals that are in critically short supply with progressive new alloys and other materials, plastics and bimetals. When summing up the results of the economic activity of the enterprises and organizations under one's jurisdiction it is necessary to take into account the indicator of the fulfillment of the plans for procurements (sales) of scraps and wastes of nonferrous metals. When the plans are not fulfilled the managers of the enterprises and organizations should be deprived of up to 50 percent of their bonus for the basic results of economic activity.

In order to increase the motivation to gather scraps and wastes of nonferrous metals, managers of enterprises and organizations have been given the right to use all the money obtained from the sale of scraps and wastes in excess of the established annual plan for procurements (sales) of metal scraps for construction, expansion and repair of preschool institutions, pioneer camps, public catering enterprises, dispensaries and recreation bases and also for acquiring equipment and supplies for them. The implementation of measures for economizing on the expenditure of a ton of conventional fuel requires an average of 60 rubles' worth of capital investments as compared to 150 rubles for the extraction and transportation of this fuel.

Enterprises of the USSR Ministry of Power and Electrification are the main consumers of fuel (almost 50 percent). Therefore increased efficiency of the production of the branch and improvement of the country's fuel and energy balance depend

largely on the efficiency of the utilization of fuel resources at enterprises of this ministry. The measures that are being taken by the ministry do not make it possible to fully mobilize intrabusiness reserves for increasing the efficiency of fuel utilization. Thus in the first quarter of 1981 there was an overexpenditure of boiler fuel at 160 enterprises (331,000 tons of conventional fuel), electric power--92 (196 kilowatt-hours), and thermal power--at 21 enterprises (52,000 gigacalories) of the USSR Ministry of Power and Electrification. During the second and third quarters of 1981 the ministry as a whole overexpended more than 1 million tons of boiler and furnace fuel. In 1980 the electric power stations of the USSR Ministry of Power and Electrification, because of exceeding the maximum norm for fuel expenditure on the production of electric and thermal energy, overexpended 14 million tons of conventional fuel.

The main reasons for such violations are: arrears in the startup and delay in the assimilation of newly started up energy capacities because of unfinished work, differences between the installed and effective capacity at electric power stations, inadequate utilization of thermal equipment, delays in the repair of energy equipment as compared to the established time periods, and so forth. There are shortcomings in the accounting for fuel that comes to the electric power stations which impede prompt disclosure of losses of it during transportation as well as the exercise of the necessary control over its expenditure. Not all of the fuel is unloaded from the railroad cars and tank trucks. Increased reliability of the operation of energy equipment is also an important reserve for economizing on fuel.

One of the serious tasks is to provide for economizing on timber material through introducing progressive norms for expenditure per unit of output and utilizing timber raw material more comprehensively by processing poor-quality and soft woods, firewood, logging scraps, sawmill scraps and woodworking scraps. During the years of Tenth Five-Year Plan enterprises of the timber and wood processing industry achieved positive results in expanding the processing of poor-quality and soft woods as well as wood scraps for producing industrial chips and chipboard. With a reduction in the volumes of lumbering, the output of effective replacements for timber materials--industrial chips, cardboard, chipboard, veneers--increased by 7.2 million cubic meters (translated into terms of commercial trees) and amounted to 64 million cubic meters or 29.3 percent of the overall volume of commercial timber resources. Still, in 1980 alone, as compared to the plan, the national economy failed to receive 21 percent of the industrial chips for the pulp and paper industry, 5.1 percent of the chipboard, and 13.6 percent of the fiber board.

The branch has significant reserves for increasing the efficiency of production as the result of more efficient expenditure of timber materials, including timber scraps. Many enterprises annually have an overexpenditure of lumber as compared to the established norms. By eliminating this it would be possible to produce approximately an additional 150,000 cubic meters of lumber materials annually, valued at 6.5 million rubles. Almost all enterprises have great possibilities of reducing the expenditure of raw material per unit of output. The reduced output of lumber materials as compared to the established norms is brought about, as a rule, by violations of milling technology--poor-quality sorting of the raw material before sawing, placing branches of various diameters into the saw at the same time and poor adjustment of the cutting instrument.



The use of quality raw material for producing chips also shows inefficient expenditure of timber products. Wastes are not utilized fully in the branch. In 1980 11.1 percent of the wastes from logging and timber processing in the USSR Ministry of the Timber, Pulp and Paper and Wood Processing Industry were not utilized. Most of them were heaped into piles and burned, even though it would have been possible to manufacture from them approximately an additional 300,000 cubic meters of chip for the pulp and paper industry, 12 million rubles' worth of consumer goods, 170,000 cubic meters of chipboard, 20 million cubic meters of fiber board and other products.

Immense possibilities of economizing on primary resources lie in efficient utilization of worn-out tires. As a result of restoring them and using them again for their direct purpose, during the Tenth Five-Year Plan resources necessary for producing 18 million new tires were saved and the savings on expenditures reached about 280 million rubles. Rubber, cord and other materials that are in short supply are used for the production of tires. The work of certain enterprises, for example, the Gissar Gidrostroy material association, shows that worn-out tires can be used successfully for producing products needed by the national economy (insulation materials, mastik and so forth).

Ash and slag from fuel electric power stations are practically not utilized in the construction materials industry, even though 80-85 million tons of them are formed annually. At the present time, with a sharp increase in the consumption of high-ash coal, the amounts of ash and slag are increasing. The branches have already accumulated 3.6 billion tons of ash and slag. A similar situation has arisen with furnace and field smelting slags. During nine months of 1981 alone, 22.4 million tons of them were shipped to the dumps.

It is important to devote special attention to collecting, storing, regenerating and efficiently utilizing and transporting used oils and other petroleum products. In 1976-1980 5.7 million tons of used petroleum products were gathered, as a result of which the national economy obtained approximately 250 million rubles' worth of additional profit. A provision that is in effect envisions bonuses for workers of enterprises and organizations who are engaged in gathering, storing, transporting, releasing and regenerating used oils and other petroleum products, and also improving their utilization for the needs of these enterprises and organizations.

About half of the coal that is extracted in the country is used by enterprises of the ministries of heavy industry, including 41 percent which goes to thermal electric power stations of the USSR Ministry of Power and Electrification. Enterprises of the USSR Ministry of Power and Electrification use 55 percent of the furnace fuel oil that is produced in the country and 21 percent of the gas that is extracted. A total of more than 70 percent of the furnace fuel oil and 51 percent of the gas go for the needs of branches of heavy industry. A savings of just 1 percent on the expenditure of these products will produce a significant effect for the national economy. Under the Eleventh Five-Year Plan expenditures on the production of products in branches of the fuel--raw material and energy complex will increase by 20.7 percent with a growth rate of production volumes of 15.5 percent. These branches must use material and fuel resources more economically.

An interdepartmental commission for economical and efficient utilization of material resources has been formed. Provisions which give the commission broad authority have been approved, and its decisions are mandatory for all ministries and departments of the USSR, councils of ministers of the union republics, organizations, enterprises and institutions. The main tasks of the interdepartmental commission are: coordination of the work of the ministries and departments of the USSR and councils of ministers of the union republics which is directed toward improving the utilization of raw materials, processed materials, fuel and other material resources; operational control over the implementation of measures in the area of economical and efficient utilization of material resources; and methodological guidance of republic, kray, oblast and branch commissions. At its meetings the interdepartmental commission regularly hears reports and announcements from leaders of ministries and departments.

In order to strengthen conditions for economizing it is necessary to increase economic sanctions for the application of increased norms in the overexpenditure of material resources. To this end, a whole number of measures are being developed to prevent the application of increased norms for the expenditure of raw materials, processed materials and fuel. In our opinion, we should make it incumbent on associations, enterprises and organizations to deposit in the budget the sums of the differences between the value of overexpended material resources at increased norms and the value at prices at which accounts are settled with the consumers. It is necessary to place material responsibility on those individuals who are guilty of causing harm to the association, enterprise or organization because of failure to fulfill assignments for economizing on material resources in excess of the established norms or utilizing them for purposes other than those for which they were intended, and we should also deprive the managers of these enterprises of all bonuses for the overexpenditure of material resources.

In order to increase responsibility for the observance of norms for natural losses of products and goods, it is necessary to establish that the sum of the cost of commodity and material values that have been written off by associations, enterprises and organizations in excess of norms for natural losses will be paid into the state budget. It would be expedient to reduce deductions into the material incentive fund and other bonus funds by the amount that is deposited in the budget, but not in an amount of more than 10 percent of the actual sums that have been deducted into these funds for the year. Violators should be held liable, both materially and in terms of discipline, and they should be deprived of all kinds of bonuses, fully or partially. In both cases it is being suggested that the enterprise be punished twice for uneconomical expenditure of material values.

The majority of ministries have formed special branch commissions for coordinating the work for control over norm setting for material and energy resources and the utilization of secondary resources. All-union associations and main administrations have created permanent commissions for control over the fulfillment of the measures that have been developed. Additional measures have been developed for economizing on fuel--energy resources in individual enterprises and for various kinds of equipment, indicating the time periods for the introduction and the economic effect.



Each month the commission of the USSR Ministry of Nonferrous Metallurgy for Economy and Efficient Utilization of Raw Materials, Processed Materials and Fuel Resources considers the results of the fulfillment of norms for the expenditure and the assignments for economizing, and also plans for the introduction of salvaging installations and assignments for the utilization of secondary energy resources. Managers of industrial enterprises and enterprises who allow an overexpenditure of fuel and energy resources are brought before the commission and sanctions are applied to them.

With failure to meet the expenditure norms and to fulfill assignments for economizing on fuel, electric and thermal power, the standard provisions for bonuses for workers of production associations (combines) and enterprises of the USSR Ministry of Ferrous Metallurgy for the basic results of economic activity envision a reduction of bonuses for management workers of from 10 to 30 percent.

In January-August of 1981 the Sarkanays metallurgs metallurgical plant in Liyepay had an overexpenditure of 1,325 tons (7.6 percent of the norm) of boiler fuel. As a result of this, the amount of bonuses for the basic results of the economic activity were reduced for all management workers of the plant by 20 percent.

The USSR Ministry of the Construction Materials Industry has formed a central branch commission and subcommission for economizing on cement, glass and other construction materials, for economizing on rolled ferrous and nonferrous metals, for utilizing secondary material resources and production wastes from other branches, for reducing losses and the expenditure of food material for technological needs, and for reducing industrial consumption of cotton fabric by replacing it with synthetic fabrics. But some of the measures that have been developed by certain main administrations of this ministries are not concrete. They amount mainly to the acquisition of new equipment or improvement of old equipment. Their economic effect is not determined.

The ways of economizing on resources can vary in various branches of the national economy. But the planning of the indicator of the reduction of material expenditures should be based exclusively on progressive norms for the expenditure of resources, taking into account advanced technology.

In our opinion, it would be expedient to introduce the following into practice. When an enterprise achieves a savings on raw materials, processed materials or fuel, and, consequently, a bonus for the following year or quarter, it would be expedient to credit this enterprise with the absolute savings when the USSR Gosplan and the USSR Gossnab determine and provide these funds. Thus the norm for the expenditure of materials for the new year remains unchanged and is adjusted only in the assignment for reducing the norms under the generally established policy.

Financial agencies must regularly inspect associations, enterprises and organizations for the condition of norm setting for material resources and their fulfillment of assignments for economizing on raw materials, fuel-energy resources and other material resources. When violations are revealed they should be eliminated and suggestions should also be made for more economical and efficient utilization of resources. Financial agencies must participate actively in the work of local agencies and commissions that are created for control over economizing on material resources.

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## RESOURCE UTILIZATION AND SUPPLY

### IMPORTANCE OF MANEUVERING RESOURCES STRESSED

Moscow MATERIAL'NO-TEKHNICHESKOYE SNABZHENIYE in Russian No 11, 1981 pp 19-24

[Article by I. Dubovskiy, deputy chief of the Western Siberian main territorial administration of the USSR Gosstab: "Skillfully Maneuvering Resources"]

[Text] To ensure the strictest possible system of economizing on the expenditure of material resources, to take a thrifty and economical attitude toward the commonweal, to utilize more fully and effectively the country's immense production potential -- such is the task set for the party and people by the 26th CPSU Congress. Among the most important areas in which efforts should be concentrated is the savings on metal, fuel and electric power.

Calculations show that if losses and wastes in metal processing were reduced by only half this would be tantamount to a 10-percent increase in the production of prepared rolled ferrous metals. Expenditures on measures for saving on fuel are one half--one third as much as those on increasing its extraction and delivery to the consumers. This is why the struggle for thriftiness should become the business of each Soviet individual. The decree of the CPSU Central Committee and the USSR Council of Ministers, "On Stepping Up Work for Economy and Efficient Utilization of Raw Materials, Fuel-Energy and Other Material Resources," discusses the need for radical improvement in this work.

The efforts of the collective of our territorial administration are directed toward this. We are reaching a point where the majority of our association and enterprises of the rayon have developed and implemented organizational and technical measures for efficient utilization of material and fuel-energy resources, primarily metal. Workers of the administration are also making their contribution to solving problems of creating more progressive designs and advanced technological processes which provide for the output of items with improved weight, technological and operational indicators. Efficient technological processes are being introduced successfully: low-flash forging, manufacture of parts with powder metallurgy, the use of polymer materials instead of metal, and economical light-weight profiles of rolled metal. At a number of enterprises sheet metal is cut with a tracing device on automated and semi-automated gas cutting machines with programmed control. All this makes it possible to utilize sheet metal more economically and to reduce wastes to a minimum.

It is known that the reduction of the material-intensiveness of products depends primarily on planning; figuratively speaking it is at the end of the pencil of the designer. Engineers of the Siberian plant for heavy electrical machine building are working on the creation of electric machines with improved weight specifications. More than 90 percent of the gas cutting operations at the enterprise are carried out on automated machines with a previously given program. The result is minimal wastes of sheet steel.

Another example. At the Novosibirsk Sibelektroterm production association the work for efficient expenditure of rolled ferrous and nonferrous metals begins in the stage of planning the items. It is precisely in this stage that they solve the problem of increasing the technical and economic parameters of electric stoves and reducing their proportional material-intensiveness, taking into account the best domestic and foreign experience.

Under the conditions of individual and small-series production of electrothermal equipment, a considerable savings on ferrous and nonferrous metals is achieved as a result of increasing the degree of standardization of components and parts. For arc steel smelting, electric slag and ore thermal electric furnaces and also regulators and pump-accumulator stations the degree of standardization increased by 7 percent in the association under the Tenth Five-Year Plan. This made it possible to save 40 tons of rolled nonferrous and ferrous metals annually.

The association is devoting a great deal of attention to improving the technology of the production of electric furnaces. The most progressive method is welding with a blast of various metals. Because of the application of this effective technology, when manufacturing ore thermal furnaces one saves 15 tons of copper on each item. Moreover, the durability of the crown of the furnace triples. On the whole the introduction of this kind of welding produces an annual savings of 3.5 million rubles.

Metal is being saved at the construction machinery plant in the Tyazhstankogidropress association. Real concern for preserving valuable material is being shown at the Sibtekstil'mash plant, the aviation plant imeni V. P. Chkalov, and the instrument building plant imeni V. I. Lenin. These enterprises have created model storehouses for metal products.

But this is not the situation everywhere. Many associations and enterprises do not fulfill the established assignments for economizing on metal and expend more of it than is indicated in the norms. Thus during the first quarter there was an overexpenditure of rolled metal at the machine tool building plant imeni XVI parts'yezd, the metallurgical plant imeni A. I. Kuz'min, the indicator plant and the Sibesel'-mash association. The coefficient of metal utilization was low for clamping instrument at the instrument plant. A number of enterprises have great losses because of rejected profiles of rolled metal, various metal substitutes and parts manufactured by the powder metallurgy method.

One cannot consider it normal--and this was discussed at the oblast party conference--that one-fourth of the metal that is consumed by enterprises of the city and oblast is transformed into wastes and chips and goes for resmelting. There are also many shortcomings in accounting for and storing metal. At the Kuybyshev Avtozapchast' part and the bed factory metal is stored without shelves or pallets, in a

heap on the ground. Shortcomings in storing ferrous and nonferrous metals are being eliminated slowly in the Sibsel'mash association. A number of enterprises have not eliminated cases of illegal sale or exchange of metal for other kinds of materials or using metal to pay for services.

Our administration fines violators in the amount of 100 percent of the value of metal that has been removed or lost because of unsatisfactory storage. The same amount is simultaneously retained from the enterprise's funds. Information about the utilization of resources is submitted to the party agencies. If necessary the materials of the inspections are sent to peoples' control agencies and procurators' offices.

The collective of the main administration devotes a great deal of attention to the implementation of the decree of the CPSU Central Committee and the USSR Council of Ministers, "On Improving Planning and Increasing the Influence of the Economic Mechanism on Increased Production Efficiency and Improved Quality of Work." In keeping with this document it is necessary to increase the efficiency of the activity of supply and sales organizations for determining the demand of the national economy, its individual branches, and its territorial complexes and enterprises for material resources.

Efficient distribution of resources depends largely on the progressiveness of the norms for the expenditure of materials. The plan and the norms have come to be regarded as the two foundations on which material and technical supply stands. How does one manage these foundations in order to approach a more precise determination of the need for resources? For it is precisely the imperfection of the norms that are applied, the slow updating of them, and the fact that practically every other expenditure norm is too high that are the main reasons for incorrect determination of the demand and unjustifiable norms. This results in the formation of above-normative supplies among the consumers. An important method here is careful analysis of statistical accounts of the utilization of material resources, primarily operational balances.

For a number of years we conducted planned work for refining the normative base for the expenditure of the most important kinds of raw and processed materials on the products list of the USSR Gosnab. As of 1981 we have refined 4,879 norms and reduced 646 of them. This will make it possible to save about 1.2 million rubles.

When analyzing the expenditure norms obtained from the enterprises we organized an experimental verification of them on the spot. We began to accept more and more orders with simultaneous submission of operational balances. Practice shows that hidden reserves for economizing which lie in the norms can be found if one works carefully with the albums of the plant norms, statistical reports and operational balances. These balances are the most important instrument for efficient utilization of resources.

In order to make better use of the reserves of material and technical resources that exist at enterprises and construction sites of Western Siberia, to strengthen the policy of economy and to fight extravagance and mismanagement, an inspection team was assigned to the main territorial administration and a division for economizing on material resources was created. This makes it possible to improve the



quality and increase the effectiveness of the inspections that are conducted and to conduct them at a considerably larger number of enterprises and organizations.

The state inspector is a kind of detective who is constantly searching for unutilized reserves and sources for augmenting resources as well as putting a stop to extravagance and mismanagement. The indications of the inspection team and the documents of the inspections are taken over by commodity divisions and serve as a necessary basis for determining the volume of resources that are allotted and adjusting the supply plans.

Each quarter the administration conducts dispatcher conferences on questions of material and technical supply. When considering these problems it is necessary for the workers of the inspection team and the division for economizing on material resources to be in attendance. It is typical that they consider not only the announcements of the enterprises, complaints and unsolved problems, but also the condition of norm setting, the observance of supply discipline and the rules of storage, and they analyze the data from statistical accounts on forms 1-sn, 2-sn, 15-sn, 7-f, and 18-sn. This practice makes it possible to determine the enterprise's needs precisely and to take its reserves and capabilities into account. Such conferences increase the role and authority of control services and, the main thing, cause the enterprises to look critically at the state of affairs with respect to their utilization of material resources and to take a more economical attitude toward existing values.

On the initiative of our inspection team, there was an expanded meeting of the board of the main territorial administration. Participating in it were management workers of the Novosibirskaya Oblast office of the USSR Gosbank, the oblast's people's control committee, the energy inspection team and the largest enterprises of Novosibirsk. The board held an exacting and principled discussion about ways of further reducing the material-intensiveness of items that are produced as a result of improving designs and introducing progressive technological processes, improving norm setting and reducing above-normative supplies of raw and processed materials.

Such discussions are becoming a real school of management. For it is important not only to give the associations, enterprises and construction sites the necessary material and technical resources, but also to ensure their thrifty expenditure. It is precisely toward this that the decree of the CPSU Central Committee and the USSR Council of Ministers is oriented.

A constituent part of the program for strengthening the policy of economy and a large reserve for increasing the efficiency of public production are to accelerate the turnover of supplies, to bring into national economic circulation the above-normative and surplus material values that exist in associations and at enterprises and construction sites, and to utilize internal reserves maximally.

The role and tasks of material and technical supply agencies are acquiring new content. Before sending the regular batch of materials to the enterprise or construction site it is necessary to check on how they used the ones they received previously, whether there are surpluses, how progressive the presently effective expenditure norms are and whether there were violations in the storage and release of

the materials. Not all consumers like this statement of the issue. The managers of certain enterprises try to show that the funds are allotted by the ministry, that they should receive everything they are intended to have, and that it is not our task to inspect them. One must patiently convince them and explain that one of the most important tasks of the USSR Gosplan consists in exercising control over correct utilization of material values. In order to do this we have been granted the right to limit the output of materials if there is a violation of supply discipline, if resources are used for purposes not related to fulfillment of the plan or if they are stored unsatisfactorily. For the sake of fairness one should note that the number of "stubborn" executives is gradually decreasing.

Not only to distribute raw and processed materials to the enterprises that use them, but also to check that these resources are being used for their intended purposes, whether or not they are really needed precisely here, how they are being used and how they are being stored--these are what come to the fore. We are constantly checking to see that enterprises and construction sites increase the coefficient of utilization of metals, timber and other materials. Operational and flexible maneuvering of existing material resources, the ability to send them where they are needed most at a given time, are assuming decisive importance. In our opinion, it is precisely this ability to redistribute, thoughtfully and intelligently, the production stock of above-normative and surplus material values that have accumulated at the enterprises that is a mandatory condition for the successful work of supply and sale organizations today.

For skillful and intelligent maneuvering of resources it is necessary to know the most vulnerable places in the supply of enterprises and construction sites, their "sore spots," and to see who really needs what and in what quantities. This requires a constant close link with production.

It is no secret that there are still many shortcomings in supply today. The lack of balance of plans for production and deliveries, the failure to fulfill individual orders and other factors lead to this. This makes it even more necessary to compensate through better utilization of what we have at our disposal. We see our main role in solving the problem of the intensification of the economy--obtaining a greater result with fewer expenditures. This is precisely how we understand the tasks set by the 26th Party Congress concerning the need to strengthen the role and increase the responsibility of the USSR Gosplan for efficient utilization of resources in the national economy. We must provide for continuous supply for production and construction, primarily through material and technical resources which exist in the rayon, and turn to other sources only after we have exhausted all internal reserves and possibilities of utilizing previously obtained values more expediently.

There are many reserves here. The inspections we conducted of the condition of norm setting and the observance of rules for storage and utilization of raw materials, processed materials and equipment in associations, enterprises and construction sites show that many suppliers and consumers still have great surpluses. In 1980 we made 160 inspections. From the results of these investigations we developed more than 450 specific organizational and technical measures directed toward more efficient application of raw materials, processed materials and equipment, reduction of the material-intensiveness of products, and the fulfillment of

established differentiated assignments with respect to the average reduction of expenditure norms and economy of material resources. The implementation of these measures made it possible to bring into production about 6,000 tons of rolled ferrous metal, 1,500 tons of nonferrous metals, more than 800 tons of steel pipes, 600 tons of fire resistant brick, and a considerable quantity of chemical, paint and dye and other products for production and technical purposes.

The use of metal scraps produces a great effect. This work has been arranged well at the metallurgical plant imeni Kuz'min and at several machine building and metal processing enterprises. Scraps replace high-quality metals for manufacturing industrial products and consumer goods, and go for repair and operational needs. The length of water and gas pipes, after the seams have been welded and other of the simplest of operations have been performed, are successfully used for their direct purpose. At the plant imeni Kuz'min there is a metal finishing warehouse under the jurisdiction of the Zapsibmetalloznabsbyt administration. Here they have arranged efficient accounting for and sorting of metal scraps, and they place them in batches according to kinds and sizes.

Under the Eleventh Five-Year Plan we will have to increase the use of scraps instead of high-quality metal. We are searching for ways of more effectively utilizing scraps of other materials as well, particularly wood. Many of them are formed in milling and timber processing. We want to create sections with saw frames at wood processing enterprises. The scraps will be sorted here. Packaging crates and consumer goods will be made from them.

At the present time the work for discovering and utilizing surplus and unused commodity and material values in the associations, enterprises and construction sites is becoming somewhat more active. Our administration in conjunction with workers of local divisions of the USSR Gosbank are checking on the financial condition of enterprises and associations and explaining the reasons for the formation of above-normative supplies of raw materials, processed materials and equipment which force the enterprises to use more bank credit. Specific measures are being developed for reducing the supplies, bringing them down to the established normative and accelerating their turnover. Each such inspection is accompanied by a careful analysis of the actual stock of long unused materials. Participating in this work are workers of commercial subdivisions, specialists of the division for economizing on material resources, and bank workers. Because of the measures that were adopted during the years of the Tenth Five-Year Plan, 346 million rubles' worth of raw materials, processed materials, equipment and batching items have been returned to national economic circulation.

Still it must be recognized that we are not very familiar with the state of affairs with respect to above-normative, long unused and long unutilized commodity and material values at enterprises and construction sites of our region of activity. We do not always take the necessary measures to warn consumers of above-normative supplies of products about their formation, we do not search for reserves actively enough and we do not exert the proper influence on the control of supplies. We certainly do not reveal all of the above-normative and surplus supplies of raw materials, processed materials and equipment at the enterprises and organizations, and we do not provide enough regulation of the deliveries of products, taking into the actual existence of residuals among the consumers.



Practically every enterprise and construction site still has commodities they do not need. It is especially alarming that there is no stable tendency toward a reduction in them. On the contrary, supplies of uninstalled equipment and batching items are growing. The fact that supply agencies still have a weak influence on the distribution of supplies and material resources is shown by the large number of so-called exchange operations. As a rule, they come about spontaneously, on the initiative of the enterprises themselves. Although many of these exchanges take place with the permission of the territorial agencies, this permission is frequently purely formal, in order to give the appearance of legality. Frequently they serve as a kind of cover-up, a screen for all kinds of transactions that are extremely doubtful from the standpoint of the observance of supply discipline.

The question arises: why, in spite of the measures that have been taken, are there still large supplies of above-normative and slow selling commodities at enterprises and construction sites of the rayon? In our opinion, to a certain degree this is the fault of the local supply and sales organizations themselves. Or, rather, it is the existing system for evaluating their activity which forces them to turn to intensive "forcing out" of materials from enterprises upon the delivery of products. For the fulfillment of the plan for warehouse sales is directly related to such indicators in the activity of territorial agencies as outlays, profit, labor productivity and the economic incentive funds. And bonuses, the "13th" payment, and other benefits depend on them.

One might say that there is a clarification of the USSR Gosplan, according to which it is possible not to fulfill the plan for warehouse sales of products if there is a "storage certificate," a document concerning the availability of above-normative and surplus supplies of products of the same kind with the consumer. But so far territorial agencies rarely turn to such "accounting operations," because it is extremely difficult to do this in practice. The fact is that the plan for warehouse sales must be fulfilled rhythmically: every ten days, every month, every quarter. Specialists of commercial associations and administrations who issue documents for the dispatch of products from enterprises on deliveries even have daily assignments. And when the plan is "burning" it is difficult to analyze precisely what to dispatch and what not to dispatch to an enterprise. Analysis requires time and, as a rule, there is not enough of it. Therefore, in addition to the products the enterprise needs today, there is almost always a supply of products it will need tomorrow too.

Is it really rational, when there is a critical shortage of certain of the most important kinds of products for production and technical purposes, to "link" the quality indicators of the work of supply and sales organizations to the indicator of warehouse sales (read, commodity turnover)? And sales in the understanding of the word in which it is applied here is not circulation of material and technical resources (supplier--delivery enterprise--consumer), but only half circulation, its final part (delivery enterprise--consumer), that is, it is only delivery.

Perhaps only income from the suppliers--the sale of supplies--should serve as the main evaluating indicator of the work of territorial supply and sales organizations? After all, to obtain the necessary resources from the suppliers on time and in complete sets is more complicated than to distribute that which is already

lying in the warehouses of the delivery enterprises. Undoubtedly, before delivering materials they must be brought in. Without this there would be nothing to "circulate." If the territorial agencies were not "pressured" by the indicator of sales from delivery enterprises, they would begin to deliver resources more circumspectly, taking into account the actual needs, residuals, data from operations balances and other documents, which would confirm the actual need of the enterprises. This should affect correct distribution of supply: most of them would be at the delivery enterprises. Then the supply organizations would give the consumers only those materials which they need to satisfy their current demand.

The practice of our work proves that one cannot place an equals sign between the funds allotted to the enterprises for material resources and the actual demand for them. A study of this question from the example of a large group of machine building plants showed that the volumes of material resources acquired were 10-15 percent greater than the actual need of the enterprise. This is explained to a considerable degree by the imperfect expenditure norms that are applied and the slowness of their updating.

One cannot lose sight of the fact that certain consumers desire to obtain more in order to live more advantageously. Otherwise they could not form above-normative, long unused and slow selling commodity and material values, whose residuals in the first quarter of this year in a large group of enterprises of the Western Siberian region reached 286 million rubles--34 kopecks per ruble of normative supplies. This means that almost every other ton of raw and processed materials at the enterprises and construction sites arrive there in excess of the actual need. During the past year above-normative production supplies of material resources, for example, at the Sibelektroterm association doubled.

As a result of the increase of above-normative supplies, the turnover time of normed circulating capital at heavy industry enterprises of the city of Novosibirsk and the oblast increased under the Tenth Five-Year Plan from 64 to 85 days. A selective inspection revealed 1.2 million rubles' worth of values that had not moved for more than a year. Certain plants have created supplies of slide valves, distributors and throttles which would be enough for ten years of operation.

These, of course, are telling facts. We have taken measures to reduce the amount of supplies to the normative and find the enterprises. During the five-year plan as a whole 38,000 million rubles' worth of surpluses have been redistributed, and the delivery of products from enterprises through suppliers has been curtailed.

The most effective form of bringing above-normative stocks into national economic circulation is the regulation of deliveries of products, taking into account the availability of residuals among the consumers. This does not entail additional expenditures on storage or repeated transportation of the cargo, and makes it possible to maintain the level of stock within the established norms. During the time of one of the inspections of the correctness of the storage and utilization of materials in the Tomskneft' association, it was established that there were great above-normative stocks of casing, drilling, and pump-compressor pipes. At our suggestion the USSR Ministry of the Petrochemical Industry reduced the association's supplies by 1,091 tons of large-diameter steel pipes. This made it possible to

release 40 railroad cars and to save 200,000 rubles. Unfortunately, it is still rare for us to turn to such measures, although we understand that it produces a great effect for the national economy.

Above-normative stocks in the country amount an astronomical figure--billions of rubles. How does one bring frozen values into production more rapidly? We decided to enlist scholars of the Siberian Branch of the USSR Academy of Sciences in the research on this important problem. The program 'Sibir', which envisions more efficient utilization of the region's immense potential, will also include developments related to increasing the role of material and technical supply agencies in solving this great national economic problem.

We are also concerned about the fact that enterprises which have above-normative and surplus values do not always know the reasons for the formation of these stocks. Measures earmarked for reducing them which involve obtaining credit from the bank are not sufficiently substantiated and therefore remain unfulfilled.

The new instructions of the USSR Gosbank, "On the policy for extending credit to production associations, enterprises and economic organizations for commodity and material values, production expenditures and other purposes," considerably expands the sphere for issuing credit for normed stock. This policy of the Gosbank is directed toward a sharp reduction of above-normative residuals of values in associations for which credit is not extended. But, despite this measure, these stocks have not only not decreased at heavy industry enterprises, but have almost doubled since the beginning of the Tenth Five-Year Plan.

Why do the enterprises not obtain credit for the entire sum of above-normative stocks? Because the bank, as a rule, extends credit only for those values of which above-normative stocks are formed for some reason other than the unsatisfactory work of the services of the enterprise (imports and goods that come in within the minimal transit norms, seasonal shipments, the assimilation of new items, and changes in production plans that are made under the established legal policy). But analysis shows that above-normative stocks form at many enterprises because of the poor work of their commercial and economic services.

In order to obtain credit an enterprise must make certain commitments to repay it. Filling out the forms for special-purpose credit for surplus values presents certain difficulties. Certain enterprises consider this kind of credit a burden and prefer not to use it. The inspections we conducted in conjunction with workers of the Gosbank division show that enterprises cannot always justify the need for the full amount of credit because they do not regularly explain the makeup of above-normative stocks or the reasons for their formation. Workers of financial divisions draw up the credit applications. Planners and supply service personnel do not participate in this work.

In our opinion, there is a critical need to develop proposals for improving the indicators of the evaluation of the activity of USSR Gosplan organizations. We also need indicators which would orient us precisely toward increasing the role of USSR Gosplan agencies and increasing their responsibility for more economical utilization of material resources in the country.

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## RESOURCE UTILIZATION AND SUPPLY

### UTILIZATION OF SECONDARY MATERIAL RESOURCES URGED

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[Article by V. Krivopalov, deputy chief of the Western Siberian main territorial administration of the USSR Gosstab: "Processing Secondary Resources -- On an Industrial Basis"]

[Text] The Western Siberian economic rayon is a large industrial region. A large quantity of secondary resources are formed here, which can be usefully applied in the national economy. Because of this our main territorial administration devotes a great deal of attention to improving their procurement and processing. Recent years have seen an essential strengthening of the material and technical base of the procurement and processing enterprises and improvement of the organizational structure of their administration. Today our territorial administration includes two trusts: Novosibvtorsyr'ye and Omskvtorsyr'ye. They serve Novosibirskaya, Omskaya and Tomskaya oblasts as well as 14 cities with a population of 3 million. The trusts have two factories, 6 production-procurement enterprises and 5 procurement-production offices. The annual volume of procurements of secondary resources is close to 70,000 tons. By 1985 it should increase by 25 percent as compared to the present level. There is also to be further increase in the volumes of processing of secondary resources. This naturally requires further strengthening of the material and technical base.

About ten years ago only the Omsk factory for secondary raw material and one procurement enterprise in Novosibirsk had more or less permanent facilities. The majority of the "enterprises" were dilapidated sheds and hangers. Almost all of the processes of sorting and pressing took place out in the open. There was practically no processing of secondary raw material. This is now being done on an industrial basis and during these years the new fixed capital of the enterprises for secondary raw material alone has increased 2.5-fold.

The Novosibirsk factory for secondary raw material and the production and procurement enterprise have been reconstructed, practically built from scratch. They have assembled 13 hangers of the vault type and other structures here. They are now constructing four more large production and procurement enterprises. When their construction is completed the creation of a material and production base for the procurement organizations will be basically finished. They are completing the planning of the Omsk experimental plant for processing worn-out tire coverings, where they will also salvage steel-belted tires.



Existing capacities are constantly being technically re-equipped. At the Omsk factory for secondary raw material they have installed flow lines for sorting, washing and plucking machines and much other modern equipment.

This has made it possible to organize the production of restored wool, tow, non-fabric materials for the furniture industry and strips of sole material for shoemakers. They have organized four main production sections at the factory--sorting, washing-drying, for producing restored wool and for producing non-fabric materials for technical purposes. There are also auxiliary sections--the machine shop, the steam power section and the transportation section. They handle servicing of technological equipment, means of transportation, heating and the provision of steam for technological needs.

The enterprise is constantly raising the level of mechanization and automation of production processes and improving work conditions. The reconstruction of the enterprise and its technical re-equipment will make it possible to increase the output of restored wool by 1,500 tons and industrial materials for the furniture industry by 1 million square meters.

At the Novosibirsk Krasnyy rekord factory for processing secondary raw material they have installed new sets of equipment for producing non-fabric strips, and combing, plucking, nipping-stitching and other machines. This has made it possible to assimilate the output of heat insulating foundations for linoleum, and stitched and pierced semiwool stockinet.

The factory's collective is constantly searching for reserves for increasing labor productivity, improving production and assimilating the output of new items from wastes. In literally a couple of years the appearance of the factory has changed beyond recognition. Instead of old wooden structures, spacious light brick buildings have arisen with the production shops, the auxiliary facilities with a conference hall, comfortable dining room and showers.

When one enters the shops, which are equipped with highly productive automated and semi-automated equipment, one cannot believe that only a couple of years ago this was what the people call a "salvage shop" where strips of felt were manufactured by the cottage industry method.

As we know, secondary raw material is not a very clean product. Therefore we are trying in all ways to improve working conditions. Restored wool, for example, comes in through pneumatic pipelines to the dust removal structure and then, after processing, in the combing and knitting aggregate it is transformed into semi-wool stockinet for the sewing industry. The factory produces more than 3 million square meters of it annually.

Many technical innovations have been introduced thanks to the efficiency experts. They have suggested that for cleaning the drums be replaced by a vacuum pump. This saves time and accelerates the work. They have also made many innovations in the process of installing technological equipment. The skilled plant workers are constantly changing arrangements and components and manufacturing new attachments.



An extremely difficult situation arose somehow with respect to yarn for manufacturing needle-pierced stockinet. The engineers of the enterprise in cooperation with workers of the scientific research institute re-equipped the head of the knitting-sewing machine and assimilated the output of needle-pierced stockinet strips which has partially replaced pierced stockinet.

Another case. When producing heat and sound insulating foundations for linoleum they decided to use rejected capron thread and fibers. To do this they had to be crushed. But the existing cutting aggregates came closer to smashing the stubborn capron threads than to cutting them. After persistent searches the Krasnyy rekord created a cutting machine which was simple to manufacture, reliable in operation, and it did an excellent job of cutting capron.

One can give many examples like this. The factory is constantly introducing new technical equipment, and this is encouraged, both morally and materially.

The reconstruction and technical re-equipment of the factory has been justified in all respects. Moreover, during the time of reconstruction the output of products not only did not decrease, but, on the contrary, increased. And this is very important. All products produced by the factory from secondary raw material are in great demand at sewing enterprises of the Far East, the Kuzbass and the Altay. The foundations for linoleum go to enterprises of Azerbaijan and Uzbekistan, Leningrad and Sverdlovsk.

More than modern equipment is needed to operate rhythmically and to increase the output of products that are needed in the national economy. It is necessary to arrange technical servicing of the modern equipment and a continuous supply of spare parts for production. But things are not going very well in this regard. We are not receiving enough card clothing or cord fibers.

Modern machines and aggregates have a great deal of electronic equipment. But the table of distribution for personnel envisions ordinary electricians and welders, and there is not even the position of a power engineer. It is necessary to revise the table of organization and include engineering personnel in it.

The entire structure of the positions of workers at secondary raw material enterprises needs to be improved. We use the name "shop" and organize competition of "shops." But the table of distribution for some reason still has a non-shop structure. There are only sections which are headed by masters. But shops operate at our enterprises too. They produce final products--stockinet, foundation for linoleum, washed rags, mop heads, tow and non-fabric materials for technical purposes. The technological cycles are complete here.

The imperfection of the standard structure impedes the work. For the salary of the masters is less than that of the shop chief. As a result it is not always possible to attract a skilled specialist.

These problems must be solved.

The main territorial administration devotes a great deal of attention to strengthening the material and technical base and improving the organizational structure of

the production-procurement enterprises. These subdivisions have been consolidated and partial specialization has taken place in them. The procurement of a certain kind of raw material is now concentrated at one enterprise in the cities. Thus in Novosibirsk the collection of worn-out tire coverings and inner tubes is handled by the Gorodskoye production-procurement enterprise, and broken glass and bone-- by the Leninskoye.

We are now solving the problem of concentrating all procurements of secondary resources from the population at one enterprise and releasing enterprises that operate with compact sources of these functions.

The technical support for procurement enterprises has improved essentially. Previously there were mainly manual and mechanical presses in operation here which could press a bale weighing 80-90 kilograms. Certain enterprises have only manual presses which stood out in the open. The area was not well arranged.

The situation has changed sharply in recent years. In Novosibirsk and Tomsk there is now not a single enterprise which does not have a shop for pressing secondary raw material and asphalt premises. Each enterprise has day room facilities, dining rooms or snack bars, and recreation rooms. The shops are equipped with modern hydraulic presses and other highly productive equipment.

All this makes it possible to process secondary raw material at rapid rates. The weight of the bales gets as high as 200-550 kilograms. This has improved the loading of the cars. All loading and unloading work is mechanized. The bales are placed in the cars with an electric loader. Pallets and shelving have been introduced for storing waste items and worn-out tires. All large enterprises have garages and repair-machine shops.

But it would be wrong to think that we have solved all of our problems. We must accelerate the construction of production-procurement enterprises in Omsk, Tomsk, Berdsk and Tatarsk. We are not satisfied with the progress of the construction. It is proceeding at an impossibly slow rate. We placed great hopes in the mobile mechanized column which is doing the work, but so far these hopes have not been justified.

This organization has been in existence for more than a year and so far its provision with mechanisms does not exceed 15 percent. There are no excavators, automated cranes, dump trucks or bulldozers. It is impossible to construct anything without equipment, and we need to construct even more. Under the Eleventh Five-Year Plan we have envisioned the reconstruction of the Omsk factory for non-fabric materials, a specialized enterprise for pressing and storing waste items, two garages with service stations, as well as the construction of an experimental plant for processing worn-out tires.

It is necessary to provide the construction workers with the necessary mechanisms, equipment and automotive transportation more rapidly. Here we need help from the USSR Gosstab and Soyuzglavvtoroyresursy.

Workers of secondary raw material organizations and the territorial administration have expended a good deal of effort and energy in order to change the attitude of

managers of industrial enterprises and construction and transportation organizations toward work with secondary raw material resources that they form. The problem is that many managers have long considered this a secondary problem. The main means of dealing with valuable raw material was to destroy it.

The situation has changed now. The approval of special conditions for the delivery of secondary raw material has played no small role in this. Procurement enterprises and organizations obtained the right to exert influence on negligent managers. The suppliers were given more responsibility for collecting and preserving secondary raw material; and it became their duty to deliver it in sorted and pressed form, and to deliver it to the receiving points with their own transportation. This released some of the transportation of the procurement organizations and reduced the need for press specialists.

It was not easy to break down the psychological barrier of many managers. During the first year when the special provisions were in effect 85-90 percent of the enterprises and organizations did not make notification of the volumes of secondary raw materials by the established date. The application of all the sanctions envisioned by the special provisions and a good deal of explanatory work has their effect.

At the present time, for example, in the Novosibirsk trust, 80-85 percent of the enterprises and organizations that are large suppliers of secondary raw material process it and deliver it to the procurement organizations with their own transportation. This makes it possible for the latter enterprises to use their automotive transportation for improving service for schools and to organize trips to the residential areas.

During the course of the year specialists of the main territorial administration, the trusts and production-procurement enterprises, according to previously established schedules or at the request of the supply enterprises, analyze the sources for the formation of secondary raw materials and determine their volumes. This makes it possible to establish closer ties with the industrial enterprises, to solve disputes successfully and to determine the actual volumes of wastes that are being formed as well as the ways they are going to be used.

The determination of the volume of procurements is a complex problem. In our opinion, increasing this volume does not always play a positive role. After all, our task consists not only in raising the level of procurement of secondary resources, but primarily in improving their utilization.

The decisions of the 26th CPSU Congress and the decree of the party and government concerning strengthening the policy of economy orients us toward efficient utilization of raw and processed materials. Many enterprises are cutting materials better, utilizing large amounts of wastes for producing consumer goods and organizing the processing of their own production wastes.

As a result, the resource part of the production wastes in compact sources is decreasing each year. From the national economic standpoint this is a gratifying concept. It means that more and more secondary resources are being put to work. Soyuzglavvtoroyresursy should take these factors into account when determining the

planned volumes of procurements. So far the volumes are established in the old way, on the basis of what has been achieved.

In keeping with instructions from the USSR Gosplan all cardboard packaging that is used in trade organizations is to be returned to packaging repair enterprises. Here it is reprocessed and inserts, covers and other packaging items are made from it. Previously these wastes were sent to secondary raw material organizations. Thus about 6,000 tons of secondary raw material resources have been taken away. The packaging repair enterprises are given approximately a thousand tons of cardboard wastes. They produce about 600 tons of various items from it and only about 400 tons are returned to the secondary raw material organizations. But Soyuzglavvtoroyresursy does not take these structural changes in procurements into account.

It is now becoming especially crucial to procure and process worn-out tires. So far there is a great lack of coordination and many contradictions here. The tire industry is increasing the output of steel-belted tires. This leads to a considerable increase in the resources of discarded protectors. But the existing regenerating plants do not accept steel-belted tires for processing. As a result, immense quantities of valuable resources are being destroyed and the volumes of procurements are declining.

Disturbed by the regular failure to fulfill the plan for procurements and the inadequate delivery of tires without steel belts to the regenerating plants, our territorial administration, trusts and secondary raw material production and procurement enterprises, in conjunction with the people's control committee and the territorial automotive transportation administrations of three oblasts, studied the state of affairs regarding the release of worn-out tire coverings. And here is what was revealed.

The all-union Soyuzshin production association of the USSR Ministry of the Petrochemical Industry approved a list of worn-out tire coverings that are used in the production of reclaimed rubber, construction materials, technical materials and in road construction. It included 43 sizes of tires. Many of them are produced with steel belts. An analysis of the supplies of new tire casings showed that the territorial transportation administration of Novosibirskaya Oblast obtained 90 percent of its tires with steel belts, Omskaya--80 percent and Tomskaya--68 percent. After the expiration of the time period for the use of these tires they will be thrown in the dump. But where are the reclaimed rubber plants to obtain raw material and how do they make the volumes of procurements assigned to them by Soyuzglavvtoroyresursy. Our territorial administration was given a plan for procuring secondary polyethylene from the population--children's toys and consumer goods. We must also collect separately the polyethylene that is manufactured with low and high pressure methods. But how does the procurement worker at the receiving point determine the kind of polyethylene from which the toy was made? There are no instructions about this. This is one of the reasons why we are not fulfilling the plan for procurements of secondary polyethylene from the population. In our opinion, institutes of the USSR Gosplan should develop the necessary methodological instructions regulating the collection of polyethylene.



We are constantly striving to expand the list of secondary resources which we procure. For a long time we worked with leather and footwear enterprises in order to utilize chrome and Russian leather. We taught the enterprises to collect and release it. But for 1982 Soyuzglavvtoroyresursy did not give us a plan either for the procurements of these wastes or for their deliveries, indicating that there is no demand for them.

It seems that it is not that there is no demand for these scraps, but simply that the workers of the main board do not wish to find consumers. This means more problems. It seems that if one is to find the sources of the formation of wastes, it is also necessary to establish not temporary, but permanent ties with processing industries.

We are doing a large amount of work with the population. This is a special problem. This requires not force, but attraction and motivation of the population to release secondary raw material. And increased purchase prices alone will not solve the problem. One important factor is bringing the receiving points and stores closer to the residential areas and ensuring mobility of the procurement workers.

Unfortunately there are not enough stationary or mobile receiving points. In Novosibirsk, Omsk and Tomsk each point--store handles more than 40,000 residents (with a norm of 5,000-6,000). We have still not solved the problem of providing the procurement organizations with specialized automotive transportation. This would make it possible to sharply increase the work among the population and to go out into the residential areas in keeping with previously coordinated schedules.

One of the most important problems in improving the collection of secondary raw material is motivating the suppliers. But trade allots extremely little merchandise with high demand to sell back to the population for the raw material that is released. The position of the trade workers is understandable--why give "someone else's uncle" what you need yourself? But something else cannot be understood. Why can it not be arranged so that the USSR Gosplan allots funds for goods intended to motivate suppliers directly to the USSR Gosplan and Soyuzglavvtoroyresursy and not to a middle man--the USSR Ministry of Trade. Then we would not have to play the role of supplicants. This problem has long been understood but it continues to exist.

A basic problem in improving the procurements and processing of secondary resources is the selection and placement of workers and engineering and technical personnel. We have taken the direction of enlisting certified engineers from industry and construction as well as young specialists who have completed higher and secondary specialized training institutions, and we have organized evening and correspondence study. The number of specialists with higher and secondary education among the administrative workers has more than doubled during the past ten years and amounts to 85 percent. The managers of the trusts and production-procurement enterprises as well as their deputies and the chiefs of the leading services and divisions, as a rule, are certified engineers and technicians.

The staffing of secondary raw material enterprises and organizations with specialists of the high and middle level and constant work with them has made it possible



to improve the work for procuring and processing secondary resources, to create the necessary conditions for highly productive labor and step up the struggle against mismanagement and extravagance, violations of planning and state discipline and theft of socialist property.

During the past decade the system of secondary raw material in the Western Siberian region has become significantly stronger. But there is still much to do in order to reach the goals earmarked by the decree of the CPSU Central Committee and the USSR Council of Ministers concerning strengthening the policy of economy, considerably increasing the collection and processing of production and domestic wastes, increasing the production of consumer goods from them and, as a result, saving primary raw material resources.

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## REGIONAL DEVELOPMENT

### EVALUATION OF PLAN FULFILLMENT IN TERRITORIAL BREAKDOWN

Moscow EKONOMICHESKAYA GAZETA in Russian No 22, May 82 p 7

[Unsigned article: "Evaluation of Fulfillment of Plan in Territorial Breakdown; Adopted 12 April 1982"]

[Text] In connection with questions being received, Gosplan USSR and the USSR Central Statistical Administration explain the procedure of evaluation of the production plan at production associations, enterprises, ministries and in the industry of union republics, oblasts, krais, ASSR.

1. For production associations and enterprises converted to planning and operational evaluation on the basis of normative net production, evaluation of plan fulfillment for the total volume of industrial production is done on the basis of indicators of normative net production. For production associations and enterprises that have not been converted to planning on the basis of normative net production and whose targets are set by a higher organizations in the volume of sold production, the evaluation of plan fulfillment is done on the basis of indicators of sold production.
2. For ministries, for whom targets for total volume of industrial production and growth of labor productivity in the 1982 state plan have been set in terms of normative net production, evaluation of plan fulfillment is done on the basis of this indicator. In the rest of the ministries, evaluation of plan fulfillment is done in accordance with the plan for the indicator of sold production (in the USSR Ministry of Fish Industry--in terms of commodity production in operative prices). For these ministries, targets for growth of labor productivity for 1982 are determined on the basis of the indicator of commodity production in comparable prices; accordingly evaluation of plan fulfillment for growth of labor productivity is also done on the basis of the indicator of commodity production in comparable prices.
3. The plan targets for the total volume of industrial production for 1982 in a territorial framework are formed on the basis of the indicator of sold production, while targets for growth of total volume of production and labor productivity are determined according to the indicator of commodity production in comparable prices.

The actual data for the evaluation of plan fulfillment for total volume of production in the territorial breakdown in 1982 is determined according to the indicator of volume of sold production, but for assessment of plan fulfillment for growth of the total volume of production and of labor productivity, this is done on the basis of the indicator of commodity production in comparable prices and for output of commodity production—in comparable prices.

Production associations and enterprises converted to planning on the basis of normative net production are included in the consolidated data for industry in the territorial framework on the basis of data for sold production and commodity production in comparable prices.

In those cases where production associations and enterprises converted to planning on the basis of normative net production fulfill prescribed targets for normative net production but do not secure fulfillment of plan (accounting) indicators for sold and commodity production, the reports on production plan fulfillment on Form No 1-p, in addition to established (accounting) plans for sold and commodity production, also provide plan data for these indicators computed in accordance with the level of fulfillment of the plan for normative net production.

Plan targets for sold and commodity production for evaluating plan fulfillment in the territorial framework are formed while taking into account indicated changes of plans for sold and commodity production. Plan targets in the evaluation of fulfillment of targets for growth of labor productivity are formed in a comparable manner.

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## REGIONAL DEVELOPMENT

### REGIONAL PRODUCTION COMPLEXES: LEGAL QUESTIONS

Moscow KHOZYAYSTVO I PRAVO in Russian No 5, May 82 pp 57-61

[Article by Prof D. Bakhrakh, head of Department of Soviet State Law, Sverdlovsk Juridical Institute, and N. Zasyapkina, jurist-sociologist of scientific-research branch of Sverdlovsk Juridical Institute]

[Text] "To develop a unified legal basis for creation of regional production complexes and industrial centers and inter-departmental administration of them."

(From the decisions of the 26th CPSU Congress)

[Text] TPK's are newly created economic complexes whose formation at many places is in the construction stage. In "Basic Directions of Economic and Social Development of the USSR for 1981-1985 and for the Period to 1990," eight most important complexes are noted which are of special importance for the country's national-economic progress in the prospective period: Western-Siberian, Kansk-Achinsk, Sayan, Yuzhno-Yakutsk, Timano-Pechora, Kursk Magnetic Anomaly (KMA), Pavlodar-Ekubastuz and Yuzhno-Tadzhik.

Regional production complexes constitute an aggregate of technologically and economically interrelated, proportionally developing production operations and enterprises subordinated to various ministries and departments and concentrated in a limited area, utilizing its resources and a single infrastructure. Regional production complexes include specialized enterprises, supplementing their production and ensuring rational use of labor resources and of infrastructure, power and construction base, transport and social-cultural facilities.<sup>1</sup>

In the regional production complex, Soviet law has a highly specific object of regulation belonging to the group of economic and social complexes. The utilization and development of the area of a large economic region, the use of its natural and labor resources and the solution of social and everyday problems require an integrated approach--the unification of means and resources and the accounting of the aggregate of regional factors on a basis primarily of the interests of the national economy as a whole. Here the problem of strengthening the regional aspect of management and of the search for new forms of

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1. "Metodicheskiye ukazaniya k razrabotke gosudarstvennykh planov ekonomicheskogo i sotsial'nogo razvitiya SSSR" [Methodological Instructions for the Development of State Plans of Economic and Social Development of the USSR]. Moscow, 1980, pp 740-741.

combination with the sectorial assumes the forefront. A major influence is exerted on its solution by the consideration that in distinction to other regional formations, regional production complexes are not always fitted in the boundaries of administrative-territorial units (krays, oblasts, autonomous oblasts and okrugs) and in a number of cases achieve the quality not only of an intersectorial but even of an interterritorial operational installation. The employment of the production and social infrastructure by enterprises and organizations forming regional production complexes presupposes strengthening of intersectorial ties.

In the opinion of Barabasheva, regional production complexes pass through several stages.<sup>2</sup> The first is determination of regional boundaries and structure of a regional production complex. The role of law here can consist of incorporating (through appropriate acts) methodological instructions on the manner of planning regional production complexes as unitary complexes and also of juridical incorporation of decisions on the creation of regional production complexes. The decree of the CPSU Central Committee and the USSR Council of Ministers "On Improving Planning and Increasing the Influence of the Economic Mechanism on Raising Efficiency of Production and Quality of Work" of 12 July 1979 resolved a number of basic questions relating to planning of regional production complexes. One of the most important component parts of state long-term plans of economic and social development is that of special-goal complex programs as well as programs of development of individual rayons and regional production complexes. A tie-in is provided for these programs with the pertinent sections of the plan and with material and financial resources. It was determined that Gosplan USSR with the participation of USSR ministries and departments and councils of ministers of union republics would establish a listing of indicated programs and the manner of working them out no later than one and a half years before the start of the next five-year plan.

Gosplan USSR has approved "Methodological Instructions for the Development of Special-Goal Complex Programs for the Solution of Regional Problems and the Forming and Development of Regional Production Complexes."<sup>3</sup> It has been determined that these programs--a variety of special-goal complex national-economic programs--is developed as an important constituent part of state long-term plans of economic and social development. Regional programs are aimed at ensuring integrated economic development of new regions or the transformation of existing regions of the country and the formation and development of regional production complexes with the participation of several sectors of the national economy.

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2. See: Barabasheva, N.S., "Operation of Regional Production Complexes."--SOVETSKOYE GOSUDARSTVO I PRAVO," No 5, 1980, p 43.

3. "Methodological Instructions for the Development of Special-Goal Complex Programs for the Solution of Regional Problems and the Forming and Development of Regional Production Complexes."--EKONOMICHESKAYA GAZETA, No 13, 1980.



There should be defined in a regional program: its general aim and subaims, time periods of their accomplishment; regional composition; a listing of sectors, ministries and departments, associations, enterprises and organizations with an indication of the character and scale of their ties; interaction between production facilities and sectors within the region (TPK) and volume of required resources with the designation of that part which is secured in the region itself (TPK); targets for ministries and departments whose associations, enterprises and organizations participate in this work; forms and methods of operation and planning.

The most important regional programs of state significance are approved by the USSR Council of Ministers or Gosplan USSR; those at the republic level are developed under the supervision of the councils of ministers of union republics. Following program approval, pertinent targets go to USSR ministries and departments and councils of ministers of union republics for their realization, while a portion of the program pertaining to the next planning period is included in the state plans of economic and social development of the USSR and the union republics as well as in the plans of the pertinent ministries and departments.

The basic initial act of organization of a concrete regional production complex is the state long-term plan of economic and social development whose program part includes the given regional production complex and also a listing of programs for the next five-year plan approved by Gosplan USSR. Such legal regulation marks a step forward in ensuring viability of the TPK and balance of its developmental indicators. At the same time, certain questions have still not been resolved arising in connection with the realization of the state plan with reference to TPK and with determination of the organ of its administration, responsible for the fulfillment of the adopted decisions.

In our opinion the component documents for the creation of a TPK should be:

- the decree on the creation of TPK and on its inclusion in a specific category (all-union, republic, local);
- the complex long-term plan of development of TPK (for the pertinent five-year plan and for the next year);
- a general operational scheme of TPK.

The second stage of TPK organization is construction of industrial enterprises and creation of an infrastructure. Here the structure is formed of production enterprises and of the facilities of the production and social infrastructure. Special importance is attached to the rational, complex use of the region and its labor resources and protection of the environment. Here operational relations arise among union, republic and local organs of government and management and associations and enterprises of different subordination. At this stage the problem of legal regulation consists in the creation of conditions for unity of their operation and of assistance to the association with funds and resources for the construction of the production and social infrastructure, provision of the proper sequence of startup of facilities and maximal cooperation in the protection of the environment.

In addition to this, it would be proper in our opinion to concentrate general supervision of the construction of all TPK facilities in a single administrative subject.

For the unification in a single center of planning-research and construction work relating to the creation of a regional production complex, a significant role is played by the decree of the USSR Council of Ministers "On Additional Expansion of the Rights of USSR Ministries and Departments and On Turning Over for the Decision of Councils of Ministers of Union Republics Certain Questions of Economic Construction" of 12 July 1979. In accordance with this, permission was granted to USSR ministries and departments to turn over to other USSR ministries and departments and councils of ministers of union republics and to receive from them the body of planning-research work and the body of the work of planning organizations with respective limits on labor with simultaneous communication to Gosplan USSR. In addition, the decree of the USSR Council of Ministers "On the Manner of Turning Over Enterprises, Associations, Organizations, Institutions, Buildings and Structures" of 16 October 1979 established that turning over from the control of certain state organ to the control of others of incompletely built facilities, buildings and structures is done together with allocated funds, limits, allotments. These acts open up major possibilities for concentration of resources allocated for the construction of TPK facilities by different ministries and departments.

The third stage is the functioning of the regional production complex and its development. Despite the big importance of the aforesaid decrees in reference to the different sides of TPK creation and operation, their juridical base cannot be considered adequately "completed." Many norms have not been coordinated in the sectorial and regional context, being addressed to various organizations rather than directly to the complexes. Normative acts are lacking for specially regulating the questions under consideration; unified practice in the field of operation of regional production complexes has so far not been worked out, their legal position has not been determined and the mechanism of accountability has not been regulated. All this has an unfavorable effect on the practice of controlling the formation and operation of complexes and leads to disruptions in the fulfillment of state programs and plans of TPK development.

The nucleus of legal provision of TPK operation in our opinion should be the Model Statute concerning them which was approved by the USSR Council of Ministers.

It would seem that the same approach to all regional production complexes is hardly possible. The fact is that they differ not only as to character and volume of production but also as to their location: some of them are located on the territory of a single oblast (kray), others may be in two or more. A completely new problem arises in the sense of organization of administration. Problems of supervision of complexes have to be solved while taking into consideration all of the chief features of each of them.

Practice follows the path of creation under Gosplan USSR or under the USSR Council of Ministers of special commissions for the operation of specific regional production complex. Thus an interdepartmental regional commission

has been created in USSR Gosplan for questions of development of the Western Siberian Petroleum-Gas Complex with its place of location being in the city of Tyumen'. The commission's chief tasks are: working out with the participation of pertinent territorial organizations of ministries and departments and scientific-research institutes of long-term programs, drafts of five-year and annual plans for the development of the Western Siberian Petroleum-Gas Complex, control over their accomplishment and also preparation of proposals for proportional development of sectors included in this complex.

The RSFSR Council of Ministers created a commission for questions of construction of the Baykal-Amur Main Line and of development of the economy in the region of construction of this trunk line. Actually, this is a republic organ for the purpose of carrying out direction of such specific TPK as the Baykal-Amur Main Line.

The creation of special commissions for specific regional production complexes is a comparatively new form of supervision of them.

In a case where the structure of complexes is obviously dominated by a certain sector of production, it is possible to assign the functions of their supervision to the proper head ministry in realization of the USSR Law on the USSR Council of Ministers granting the right to the USSR Council of Ministers to bestow on USSR ministries the function of intersectorial administration as well as to turn over its powers (Articles 2 and 6). In this case, there are required: the proper supplements to the General Statute on USSR Ministries the powers for carrying out of intersectorial control; (b) adoption by the USSR Council of Ministers of a decree on bestowal of functions for TPK control on a given ministry, wherein there would be specified in particular its relationship to other ministries and departments having within the TPK their own enterprises (transfer of funds and limits, planning of production and the like).

The ministry which is charged with supervision of the TPK may assume the functions of general orderer of the project and of management of construction. It would be advisable to entrust the construction of all the facilities to a single general contractor. Legal regulation of construction questions in the TPK (as a single entity) can be accomplished with a special act through the incorporation of supplements in the Rule on Contract Agreements for Capital Construction.

Another alternative is creation of an organ for the administration of concrete regional production complexes directly under the USSR Council of Ministers or a union republic. Such a possibility stems from Article 19 of the USSR Law on the USSR Council of Ministers to form attached to it committees, main administrations and other departments. Each such organ requires a statute approved by the USSR Council of Ministers (possibly on the basis of a model one) which would differentiate a range of questions on whose basis the organ would make independent decisions or carry out coordination. The statute should also provide a procedure of representation in a comparable organ of interests of appropriate ministries, departments and soviets of people's deputies. In our view, this would be preferable for large multisectorial complexes of major national-economic importance.

In those regions where regional production complexes are located in a single oblast, it would be advisable to make appropriate soviets of people's deputies responsible for intersectorial coordination.<sup>4</sup> The USSR law on the basic powers of kray and oblast soviets of people's deputies and soviets of people's deputies of autonomous oblasts and autonomous okrugs adopted by the USSR Supreme Soviet on 25 June 1980 included under their competence participation in the working out of regional and other programs providing for the formation and development of regional production complexes located on the territory of the local soviet. The authority of the corresponding soviets of people's deputies includes participation in the realization of complex state, republic, intersectorial and regional programs (Articles 7,9). In consideration of the aforesaid norms, it would seem to be right to regulate the participation of local soviets in the development of regional programs on the republic level, including those pertaining to the formation and development of regional production complexes, determining the forms of such participation as well as the manner of reflection in regional plans of economic and social development at these levels of appropriate indicators.

Taking into consideration the requirements of developmental planning of complexes, in our view there should be designated special units in the planning commissions of ispolkoms of kray and oblast soviets on whose territory regional production complexes are located that would deal with the considered questions. There may be cited by way of example the experience of the Krasnoyarskiy Kray Soviet of People's Deputies where such a unit has been created in the ispolkom's planning commission.

Special lines of the work of the commission could be: (a) participation in preplanning research and development of preplanning documents relating to regional production complexes; (b) control and coordination of work on the creation of objects of specialization; (c) supervision of the formation of the entire complex of the infrastructure; (d) formation of an initial information bank.

The location of the facilities of the complex would be done in coordination with the kray or oblast soviet of people's deputies. It has the right to coordinate the operation of all enterprises and organizations located on its jurisdictional territory regardless of the subordination. Of major importance in this regard is the decree of the CPSU Central Committee, the Presidium of the USSR Supreme Soviet and the USSR Council of Ministers "On Further Enhancement of the Role of Soviets of People's Deputies in Economic Construction" of 19 March 1981. At the same time the operational practice of local soviets attests to the fact that a certain part of the legal norms is being insufficiently effectively realized. A procedure has been established that all enterprises and organizations have to provide local soviets with drafts of five-year and annual plans. But no sanctions are applied in case of nonadherence to this procedure. It would

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4. See: Manokhin, V.M., "With Consideration of Sectorial and Regional Principles."--SOVETSKOYE GOSUDARSTVO I PRAVO, No 10, 1979, p 28.



seem that these governmental organs should possess not only adequate rights but also organizational and economic levels ensuring the observance of legal norms.

The question of regional coordination of supervision when a TPK is located on the territory of two or several krais (oblasts) is significantly more complicated in regard to legal positions. Thus N. Barabasheva believes that it would be advantageous in such a case to employ the principle of interterritorial coordination. This would make it necessary to grant to the executive committees of those local soviets on whose territories the chief TPK installations are located (its center) the right to exercise the functions of interterritorial administration and also to determine the procedure for adoption of joint decisions by several local soviets or their executive committees.

The USSR Council of Ministers has approved General Schemes of Administration of All-Union and Union-Republic Sectors of Industry. At the present time, 35 such general schemes are already in operation; they are also being developed in construction. Union republics also have such experience. All the aforesaid schemes are actually not sectorial but departmental; they determine the structure of concrete departments. At the same time there have also been created genuine sectorial and interdepartmental schemes of administration. Thus on the 26th of October 1979, the Georgian SSR Council of Ministers adopted a decree on the development of a General Complex Outline of Development and Location of a Material-Technical Construction Base on the Territory of Georgian SSR. On 5 May 1980, the Kazakh SSR Council of Ministers approved a General Outline of Administration of Trade in the Republic which regulates the operation of state (general and departmental) and cooperative trade.

In our opinion, the creation of a General Outline of Administration would be quite justifiable for TPK. It should be an economically valid complex program for the erection of a system of administration of regional production complexes.

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## REGIONAL DEVELOPMENT

### PROBLEMS RELATING TO FURTHER TPK DEVELOPMENT

Moscow PLANOVOYE KHOZYAYSTVO in Russian No 6, Jun 82 p 124

The tenth issue of the journal in 1981 contained an article by Comrade K. Makhkamov "Formation and Development of Yuzhno-Tadzhikskiy TPK," raising a number of important questions of long-term development of the productive forces of South Tajikistan. In connection with the questions raised in the article, the editors received the responses published below.

The head of the Department of Regional Economics of Central Asia and Kazakhstan and the head of the Department of Regional Problems of the Fuel and Power Complex of the Council for Study of Productive Forces under Gosplan USSR G.V. Kopanov and V.A. Ryl'skiy noted that the Yuzhno-Tadzhikskiy [South Tajik] Complex plays a big role not only in the Tajik SSR economy but also in raising the efficiency of all of Central Asia's public production. It acts as a kind of large "generator" of water resources. Two-thirds of the water flow feeding all the republics of Central Asia comes from glaciers of the Pamirs through the territory of the formed complex. The "keys" to regulation of the rivers bearing this water are found here. A system of water reservoirs with large GES's in the upper reaches of the Amudar'ya is capable of providing many-year regulation of the discharge, boosting the river's irrigational capabilities one-fifth. In this way the electric power of Yuzhno-Tadzhikskiy TPK and a regulated discharge provide a powerful impetus to the further development of the industry and agriculture in all the contiguous republics.

The central unit of the TPK is the Tajik Aluminum Plant (whose first section already provides the country with quality metal). In addition to the arguments enumerated in the article on substantiation of this sector's development, an important place is taken by social factors. The Tajik Aluminum Plant has become a national worker-cadre school. In this connection, the raising of the question of speeding up studies on location of a second aluminum plant is timely.

South Tajikistan, on whose territory the big-capacity GES is being erected belongs to those regions where further development of aluminum production is possible for economic reasons. But the solution of this problem requires an integrated approach and careful study while taking into account the existing energy

situation in other economic regions of the country. The rather higher degree of influence of aluminum production on the surrounding environment requires exhaustive substantiation in the selection of a place for the location of this plant on the territory of the republic. It would seem that the highest consideration should be given to the version of its location in the zone of the Fayzobadskaya Valley in the vicinity of the site of the GES that is under construction. The simultaneous utilization of the construction base, the construction collective and transport routes will make it possible to boost the efficiency of aluminum production, and in the final analysis it may result in inclusion of the new Rogunskiy Power and Industrial Complex of complicated specialization in the Yuzhno-Tadzhikskiy TPK. Other sectors should undergo accelerated development in the TPK that first and foremost constitute the agroindustrial complex and are able to draw a significant portion of labor resources.

The solution of the problem of rational utilization of labor resources in the region in connection with its significant growth requires special attention. It is necessary to speed up the realization of corresponding recommendations worked out by the Council for Study of Productive Forces attached to Gosplan USSR and the Tajik SSR Academy of Sciences.

The question raised by the author of the article on the development of a Complex Special-Goal Program of Development of Yuzhno-Tadzhikskiy TPK is very timely.

In connection with the problem touched upon in the article of creation of a local raw-material base for the operation of the aluminum plant and the possibility including in industrial use the alumina containing raw material from the Turpi deposit, the editorial office received a reply from USSR First Deputy Minister of Non-Ferrous Metallurgy V.V. Boroday. According to his information, the scheme for the location and development of enterprises of the aluminum industry over the long term does not provide for the industrial development of the nepheline syenite deposits of Turpi. Further work on this question is called for.

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